

**SUPPLY CHAIN MANAGEMENT STRATEGIES AND
PERFORMANCE OF THE KENYA REVENUE AUTHORITY**

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DECLARATION

This is my original work and has not been submitted for examination to many other academic body.

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DEDICATION

This research work is dedicated to my parents Daniel Juma and Grace Juma due to their passion for education

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I am wish to recognize my dear wife Nancy Juma, children Angela, Trina and Jabali, lectures, friends, classmates and colleagues at work; the unwavering support throughout the duration of this study the offered is appreciated. In a special way I express most gratitude my supervisor mr Namwange and Moderator Madam Angela Wairimu Kaguara for their wise guidance, encouragement, availability and also unending support in the entire period of this research project, without their guidance and support I could not have completed this project on time. I also acknowledge my employer for according me time to undertake this research project.

ABBREVIATIONS AND ACRONYMS

BSC	-	Balanced Score Card
C&BC	-	Customs & Border Control
DTD	-	Domestic Taxes Department
EDI	-	Electronic Data Interchange
ERP	-	Enterprise Resource Planning
I&E	-	Investigations & Enforcement
ISO	-	International Standardization Organization
I&SO	-	Intelligence & Strategic Operations
I.T	-	Information Technology
KESRA	-	Kenya School of Revenue Administration
KPI'S	-	Key Performance Indicator's
KRA	-	Kenya Revenue Authority
M&C	-	Marketing & Communication
RBV	-	Resource Based View
SCM	-	
SIRM	-	Strategy, Innovation & Risk Management
SRM	-	Supplier Relationship Management
SSCS	-	
TQM	-	Total Quality Management
VM I	-	Vendor Management Inventory

LIST OF TABLES

IST OF FIGURES

Figure 2.1: Conceptual Model 19

ABSTRACT

Supply chain management strategies has direct, positive impact on organizational performance since it is an important foundation for formulation of procurement strategies to achieve superior performance driven by supply chain management strategies namely. Lean supply chains, Outsourcing, partnerships, Information technology (Automation), Standardization Centralized and decentralised procurement. the research endeavoured establish the influence of supply chain management strategic on performances of the Kenya Revenue Authority. The general objective of this study was to establish the influence of supply chain management strategies on organizational performance of the authority. Subsidiary objective attempted to establish the practices of supply chain management employed at the Authority and to determine the effects of supply chain management strategies on the organization. The study considered Lean supply chains, Outsourcing, Supply chain partnerships, Information technology (Automation), Standardization and Centralized procurement and organizational performance as key variables in the study. a case study design due to its ability to provide in-depth information about the unit of analysis WAS USED . The study population comprised of the 60(Sixty) staff members of KRA supply chain division. The researcher used interview guide in data collection administered to employees from the senior and middle level management of the supply chains management division at KRA The study used content analysis to review the data collected. The study respondent's feedback was grouped into sequential and exhaustive groups. The study findings indicated that majority of the respondents who participated in the study were male with a frequency of 35 accounting for 58.3 % while 25 were females representing 41.7 % of the participants. The study established an even age distribution, the findings in table 4.2 indicated that majority 16 (26.7%) 40 to 44 years old, 4 (6.7 %) were above 50 years of age while 2 (3.3%) were below 25years, 10 (16.7 %) 30- 34 years old, 14 (23.3 %) aged between 35-39, 8 (13.3%) aged between 45-49. This indicated that majority of the able to provide reliable information that this study sought. Findings on figure 4.3 indicated that majority 28 (46.7%) of the respondents had Bachelor's Degree, 20 (33.3%) had Diploma, 12 (20%) had Master's degree, while none had a PhD indicating that the respondents were well educated to offer reliable information this study sought. Findings on figure 4.4 indicated that majority 32 (53.3%) part of the participants were at KRA between six to ten years, 14 (23.3% above 10 years, 10 (16.7 %) had worked for between 3-5 years while 4 (6.7%) had worked for 2 years and below indicating that majority of the respondents could provide reliable information. Regarding those involved in formulation of supply chain management strategies and implementation, the participants revealed that the top management at KRA were involved in strategy formulation while the middle level management had the oversight role in strategy implementation. Regarding communication strategy is communicated across the supply chain division. The finding indicated that management supported strategy implementation. Regarding the extent of the adoption of the supply chain management strategies at the KRA, outsourcing was adopted at a high extent while lean supply chains, supplier partnerships and standardization Strategies were adopted in at a moderate extent. Regarding information Technology, Majority of the respondents concurred that information technology was adopted at a very high extent. The study therefore confirmed a positive supply chain management strategies and performance correlation of Kenya Revenue Authority.

TABLE OF CONTENTS

DECLARATION.....	ii
DEDICATION.....	iii
ACKNOWLEDGEMENT.....	iv
ABBREVIATIONS AND ACRONYMS	v
LIST OF TABLES	vi
LIST OF FIGURES	vii
ABSTRACT.....	viii
CHAPTER ONE : INTRODUCTION.....	1
1.1 Background of the Study	1
1.1.1 Supply Chain Management.....	Error! Bookmark not defined.
1.1.2 Organizational Performance	3
1.1.3 Kenya Revenue Authority.....	4
1.2 Research Problem	5
1.3 Objectives of the Study.....	7
1.3.1 General Objective	7
1.3.2 Specific Objectives	8
1.4 Value of the Study	8
CHAPTER TWO : LITERATURE REVIEW.....	9
2.1 Introduction.....	9
2.2 Theoretical framework.....	9
2.2.1 Resource-Based View (RBV) Theory	9
2.2.2 Systems Theory.....	10

2.3 Supply Chain Management Strategies	11
2.4 Performance Measurement	14
2.5 Supply Chain Management Strategies and Organizational Performance	13
2.6 Summary of Literature Review and Research Gaps	17
2.7 Conceptual Framework.....	18
CHAPTER THREE : RESEARCH METHODOLOGY	20
3.1 Introduction.....	20
3.2 Research Design.....	20
3.3 Respondents of the Study.....	21
.....	21
CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION.....	23
4.1 Introduction.....	23
4.2 General Information.....	23
4.3 The General Objectives.....	27
4.3.1 Supply Chain Strategies Adopted At KRA	30
4.3.2 Effects Of Supply Chain Management Strategies On KRA Efficiency	32
CHAPTER FIVE : SUMMARY, CONCLUSSION AND DISCUSSION	35
5.1 Introduction.....	35
5.2 Summary Of Findings Of The Study	35
5.3 Conclusions.....	36
5.4 Recommendations Of The Study	38
5.5 Limitations Of The Study	38
5.5 Suggestions For Further Research	38
REFERENCES.....	i
APPENDICES.....	v

APPENDIX I: LETTER OF INTRODUCTION.....v

APPENDIX I1: INTERVIEW GUIDE..... vi

CHAPTER ONE:

INTRODUCTION

1.1 Background of The Study

In most organizations, the Supply's management function features at strategic, tactical, and operational levels. Ordinarily, organization wide supply chain decisions are made at the strategic level. This level is an acknowledgement of the supply chain as a key section of the overall strategy guiding an entity. Specifically, the strategic supply chain processes as a management aspect needs to make decisions about the entire supply chain. The decisions here involve; product development, production, customers, distributors as well as logistics and the relevant supply chain management strategies meant to drive operational performance (Choon, 2002).

Supply chain management deals with the management of an entire chain that starts from source of raw material to the delivery of the final product. The importance of this function therefore cannot be underestimated. In rapidly changing business environment characterized by stiff global competition, technological advances, and more demanding customers' needs and expectations are increasingly facing organizations. Supply chain management is therefore gaining strategic significance for the business organizations to remain relevant and competitive. These forces have also demanded a shifting of paradigm in organizational management. Rapid innovations and contemporary management characteristics also are also undergoing revision as strategies to drive organizations' competitive advantage in the new environmental dispensation. Consequently,

global firms have today recognized and acknowledged the need for a strategic approach to supply chains management. This is the new business model representing a shift from company versus competitors towards the new business model where supply chains compete among themselves (Demirtas, 2014). In supply chain management, the Strategic perspective is concerned with the formulation of supply chain management strategies as tools and tactics that seek to enhance operational efficiency of the entire value chain that need to be internally and externally developed as a way for supporting and supplying product and service that organizations offer to customers (Choon, 2002). The logic behind the above arguments is that for firms to realize superior customers' value and superiority in their markets they need to manage the performance of the entire supply chain. This involves designing supply chains that are both efficient and responsive sustainable superiority in the market (Habib, 2014). From the strategic management perspective, supply chain management can be viewed from both strategic supply chain and operational perspective. The Strategic supply chain perspective is viewed as recognition of the competitive advantage arising from products supplied to customers. On the other hand, the operational perspective acknowledges operational efficiency as business wide strategy. This view appreciates the need for establishment of a set of primary and support supply chains necessary inputs and outputs in the value chains of any organization (Sohail et al., 2009).

It has increasingly become an important competitive advantage tool of organizations and a key driver of performance which is dependent on the relevance of chains managements. This defines the operations, logistics, and sourcing activities a firm adopts in order to outcompete the competitors (Kohlbecker, 2012). Some of strategies include; outsourcing, green supply chains, supply chain partnerships, agile supply chains, lean Supply Chain philosophy, standardisation and supply chains integration (Habib, 2014). These strategies seek to drive competitiveness by

focusing on the four competitive priorities namely cost, quality, timeliness, speed and ultimately customer experience (Nag & Chen, 2015). As a result, supply chain management strategies focuses on efficient flow of goods, services, information and money in an organization in order to drive optimal performance and competitiveness.

1.1.2 Organizational Performance

Organizational performance implies some indices that can be evaluated against a range of predetermined indicators of performance (Copers, 2014) These predetermined parameters are meant to compare the current against the desired overall organizational objectives which act as the bar to set the desirable level of performance. According to Bernard (2016), the commonest measures of performance are financial indices for instance return on investments and profits. Other measures include market share and reputation of the organization. In a Nutshell, organizational performance is the ratio of the corporate actual performance against planned performance (Younnis, 2015).

Organizational performance is influenced by various factors namely that include manager's charisma, human capital, organizational learning, corporate governance and innovation (Al-Tit, 2017). Mafini (2015), states that inter-organizational information systems, quality and innovation are the major inputs that have significant effect on organizational performance. Inter-organization systems are concerned with organizational information systems integration in order to realize the desired goals. On the other hand, quality is concerned with an adoption of the quality culture in the organization's systems and processes. This culture is driven by the embracement of the total quality management (TQM) philosophy that can enable organizations enhance quality, with the aim of improving organizational effectiveness and flexibility.

Organizational success depends on its performance. To measure performance, parameters known as key performance indicators (KPI's) need to be defined. They include the effectiveness of the business model, efficiency and effectiveness of processes and systems, profits and growth (Bashaer, 2016). The role of KPI's is to compare the current performance against the overall organizational objectives to set the bar for the desired level of performance, towards the enhancement of organizational processes and systems (Younnis, 2015)

1.1.3 Kenya Revenue Authority

The Kenya Revenue Authority is a product of the laws of Kenya. It has the responsible for revenue collection. It comprises A Board of Directors, that makes policy decisions while the chairman of the Board is a presidential appointee.

Kenya Revenue Authority is divided into seven departments each headed by a commissioner. They are Customs & Border Control (C&BC), Domestic Taxes Department (DTD), Intelligence and Strategic Operations Department (I&SO), Investigations and Enforcement Department (I &E), Strategy, Innovation and Risk Management (SIRM), Corporate Support Services (CSS) and Legal Services and Board Coordination (LS&BC), Marketing and Communication (M&C), Intelligence & Strategic Operation (I&SO), Internal Audit, Transformation Leadership Office (TLO), Kenya School of Revenue Administration (KESRA) (<https://krahub.kra.go.ke/content/mission-vision>).

The agency has devolved its operations with offices spread out in the following regions as a way of getting closer to the tax payers and to ease tax assessment and collection. North Rift Region, which is headquartered in Eldoret, South Rift Region, which is has headquarters in Nakuru, Western Region, with headquarters in Kisumu, Southern Region, with headquarters in Mombasa, Northern Region, headquartered in Embu, Central Region, which is headquartered in Nyeri and

the Nairobi Region, with headquarters in Nairobi situated at Times Tower building. (<https://krahub.kra.go.ke/content/mission-vision>).

1.2 Research Problem

supplying chains management strategies in the public institutions in is a key determinant of their effectiveness and efficiency. This is more theoretical than applied, meaning that supply chains management strategies are defined as policy papers which are largely ignored in the context of institutional performance, hence limited literature in this area abounds in Kenya. (noor, 2018). Further Exploratory studies literature linking supply chains management strategies and operational performance in the state institutions in Kenya, are insufficient to provide a basis for further studies in this area. Such studies can provide important information that can support more robust evaluation of the study concepts, thereby improving the chances of generalization of the study findings.

Kenya Revenue Authority is a public institution engaged in service operations that has significant role in the enhancement of economic development in Kenya through revenue collection which is vital to the economic development. The identification and choice of ideal management by the goals of the institution is key in helping KRA discharge its mandate. Since manufacturing and service operations are faced with different environmental circumstances strategy choice differs, though at times there is some convergence in strategic choice. The research endeavoured to explore the between chain management strategies correlation and performance of KRA. The study provided some insights concerning the embracement of supply practices in public sector and the effect on performance.

Several studies have been done concerning management strategies. Habib (2014), did a study on the role of supply chains management strategies on competitiveness of the horticultural sector on

Ukraine. It found a correlation between supply management decision making and operational effectiveness of the case sector. This study was conducted in Ukraine where the firms studied were faced with different environmental conditions from the Kenyan situation. In addition, the study context differs from the context of this study. The study findings cannot therefore be generalized in this study. Abe (2014), did a study to investigate the connection of local light vehicles in South Africa. The study findings revealed of local makes , all the manufacturers adopted a lean strategy for their inbound supply chain while some adopted leanig supplies chaines strategy for their external supply chains. This study was conducted in South Africa. The study environmental set up differs from the Kenyan situation. In addition, the study focused on manufacturing operations while this study focuses on service operations. Further the findings of the study are likely to be out dated due to the time frame since the study was conducted. For these reasons, the findings will not fit in the study in this study. Gudda & Deya (2019), studied effect of SCM practices on small enterprises (SME's) in Nairobi County, Kenya.). The study firms are small private sector firms. Such firms may not have in place well-articulated supply chain plans with carefully developed supply chain management strategies and a reliable performance evaluation and their linkage to organizational performance. From experience, rigorous performance audit as a policy in SMEs in Kenya is not common or even professionally, if at all done considering the operators of these firms..

In reviewing literature there is a need to interrogate contemporary literature that is to a large extent oriented towards service operations in order to resonate well with the organization in the study. Further to a greater extent more literature reviewed focused more on local firms of the cited studies to. The research methodologies were not clearly articulated in the cited studies. This study therefore carefully considered the study methodology that helped the researcher critically evaluate

the overall validity and reliability of the study findings. The study sought to address two questions, namely; the supply chain management strategies adopted at Kenya Revenue Authority, and the effects of supply chain management strategies on Kenya Revenue Authority.

1.3 Objectives of the Study

The study had the general objective as to establish the influence of supply chain management strategies on organizational performance of the Kenya Revenue Authority.

The Specific Objectives were:

- i. To establish the supply chain management strategies adopted at the Kenya Revenue Authority.
- ii. To determine the effects of supply chain management strategies on Kenya Revenue Authority's performance.

1.4 Value of the Study

Kenya Revenue Authority can use the findings of the study to develop working strategies that can drive efficiency in service delivery thus enhancing its competitiveness. Other practicing Managers in other sectors can gain insights regarding the relationship between supply chain management strategies and organizational performance.

The government of Kenya will find research findings useful in providing a basis of understanding the supply chain management strategies that impact on performance of Kenya Revenue Authority and facilitate search for solutions through formulation of legislation, regulation and policies.

The findings of this study will contribute to the body of knowledge in the understanding and appreciation of the role of supply chain management strategies in driving supply chain performance and the overall organizational and operational performance. Future scholars and

researchers interested in further studies in this area will find the findings of this study as source of reference in the exploring the ways of possible generalization in the industry.

CHAPTER TWO:

LITERATURE REVIEW

2.1 Introduction

This chapter review the theoretical and empirical literature from other researchers on strategic supply chain management strategies and performance of Kenya Revenue Authority. It also covers the conceptual framework evaluating the relationship between independent and dependent variables and conducting a critical review of the available literature.

A Theory is a set of principles meant to explain a range of phenomena especially so one that has been consistently tested and generally accepted and can be used predict about a phenomenon. Theories are tools analytical in nature meant to facilitate understanding, explanations, and making predictions about a particular subject matter. This study was anchored on two theories, namely; (RBV) theory and systems theory.

2.2.1 Resource-Based View (RBV) Theory

The RBV of firm holds that particular range of unique resources a firm owns determines performance and is meant to explain the variation performances of firms. These resources include the SCM capability representing Supply Chain Management strategies (SCMS) (Groen, 2010). In

this study, supply chain management strategies (SCMS) are considered to be a firms' ability to form strategic supplier partnership (SSP), establish supply chain collaboration, implement lean SCM, outsourcing, green supply chains, adoption of demand driven planning, building agile supply chains, adopting lean SC philosophy and supply chains integration.

A firm's ability to achieve superior performance depends partly on its capacity to manage sourcing. This therefore implies the need to select suppliers based on their capability to support value creation initiatives, managing the inherent risks and implementing the policies. The foundations of this strategy is the ability of suppliers to meet buyers' needs on product attributes and aligning the goals and objectives the parties in the partnership. Resources means the available factors owned and, deployed and in the control of an organization. This distinguishes the two concepts it is the harnessing of the resources that builds capabilities. Resource based that help the organizations develop and implement strategies that improve speed , corporate image and quality of services or products. If appropriately used these resources help an organization to improve its performance (Groen, 2010).

2.2.2 Systems Theory

A system is a combination of things or parts forming a complex whole, is composed of related and dependent elements, which interact to form a complete whole. System theory is an interdisciplinary theory concerning the inter-independence of every system in an environment representing is a paradigm shift from a part to the whole (Meles et al., 2019)The logic behind the system theory is that the result of all is larger than a single activity or entity. The theory holds that it is a w range of interdependent and distinctive entities making up the system (whole) in a collaborative manner.

Accordingly, Organizations need to establish the level of activity of their supply chains and ensure that each activity is resourced adequately.

Organizations are open systems regarded as environment dependent and environment serving. The systems theory states that changing part of a system is likely to affect other parts or the whole system and be possible to predict these changes in behavioural patterns of companies, distribution centres, and retailers. A chain of a companies and their s in the production and of particular. The entities involved are producers, vendors, warehouses, transporters. Achieving effective, efficient and reliable supply chains of any organization therefore is influenced by the members of the supply chain, hence the relevance of the systems theory in this study (Chikere and Nuako, 2015)).

2.3 Supply Chain Management Strategies

Chains have become more complex hence firms organizations must respond appropriately.

Successful firms should get involved in highly integrated supply chains through a synchrony of demand with production. This has enabled the entire chain to collectively work towards delivering a product with value to the customers. Building an adaptive and agile supply chains that is market responsive and consumer driven, saving costs, maintaining flexibility.

Demand forecasting capabilities with the aid of technology progressively developing is driving performances simplify forecasting activities, minimizing inventory, helping firms Adapt to volatile market and boosting productivity.

The lean philosophy was popularized by Toyota in the 1990's (Luz, 2017). The lean principles are concerned about identification of the customer value, elimination of waste, synchronization of production with demand. Enhanced performance is, and more customer value, the advantages associated with lean philosophy includes; Improving organizational efficiency through

elimination / reduction of waste reduction, improved customer service quality leading to customer satisfaction, and reduced operational costs such as inventory holding, logistics and labour costs. (Christopher & Gattorna, 2005).

Outsourcing is a process of sourcing from an outside supplier on a contract basis where business firms delegate non-core functions to specialized and efficient suppliers as a result saving time and reducing costs (Stroh & Treehuboff, 2003). The rationale behind outsourcing is that an external supplier endowed with superior resources and capabilities which the firm does not have hence deliver improved service quality (Mukucha et al., 2020)

Outsourcing through reducing costs, creating new products and services, enhancing quality and (Akuraun, Shadrach & Iyortsuun 2017). Among the benefits of outsourcing include strategic advantage resulting from access to supplier's technology, reduction in operational cost, reduced major investment cost in majority outsourced services (I.T and logistic services), Improved services delivery as a result of focusing on core business and access to latest technology. Enhance focus on core business since none core functions are outsourced. The disadvantages of outsourcing are that it is likely to result in loss of technological capabilities, (Kumar& Bhaker, 2020).

Supplier Relationship Management (SRM) is a long-term mutual relationship between two or more business entities in a supply chain in commitment over a prolonged of information, risks and rewards of the relationship. The direct effect on performance is reduced costs, increased efficiency, minimisation of price volatility and consolidation continuous improvement as a result of the free-. Over time, this creates a more streamlined, effective supply chain that has a positive impact on costs and customer service, consequently organizational competitive advantage (Fearne, 2020).

ICT an ingredient of the supplying facilitating an improvement of the organization's performance, information technology (I.T) has become one of the key factors that help organizations leverage on efficiency, innovation, and therefore competitiveness in a highly competitive global environment information since it facilitates effective inventory control, improved soundness of the chain processes, enhances total visibility of the supply chain thereby identifying, bottlenecks areas and unethical process, improved organizational integration and smooth work flow, improved customer service (delighted customer) and reduced operational cost (Kumar, 2020).

Standardization involves ensuring that items conforms to a standard. Blar, Williams & Loin (2008), define standardization as a process of developing and implementing technical standards that optimize compatibility, interchangeability, safety and quality. The advantages associated with standardisation includes less dependence on specialist suppliers and greater scope of negotiation, Simplification of purchasing management, reduction of errors and conflict, saving time and money by eliminating need to prepare company specifications. Luo, (2016), adds that standardization of purchasing procedures namely ordering expediting, supplier selection, reception goods and inspection is the most implemented cost reduction strategy in supply chain.

Centralized procurement refers to the degree of concentration of decision making power regarding a supply chain at the head office (Giannocard, 2017). The supply chain is centrally coordinated with the goal to optimize overall supply chain performance. Centralized procurement activities are coordinated and controlled at the head office, allowing entire organizational procurements to be coordinated from a central point. This leads to realization of benefits of economies of scale through consolidation of purchases, helps speed up the management of orders through forecast of required quantities, benefit of reduced supplier base and permit employment of purchasing professionals. (Lysons & Farrington, 2012).

Decentralization procurement refers to the degree of autonomy of affiliated branches in individual procurement decision based on their local information. Mulay (2013), indicates that this leads to better understanding of the markets local demands, faster response to local needs and satisfaction as results from assured deliveries. According to Orina & Kamanchu (2018), the merits of decentralisation in procurement include; Closer to users and better understanding of local needs, Lower cost due to reduced transportation cost and Promotion of local suppliers.

2.4 Performance Measurement

Organizational performance comprises the actual output or results of an organization as measured against its intended output defined as goals and objectives. customer perspective as well as from the organizational perspective.

There is no consensus regarding the metrics for performance measurement. The original four measures (reliability, agility, responsiveness, cost) were adopted from the . The traditional measures were primarily financial. However, the balanced score card (BSC) is more diverse and real in the modern environment that advocates for respect of human rights, environment advocacy and respect for employees. Bashaer (2016), concurs with the above literature that several variables can be regarded as key performance indicators (KPI's). They include the effectiveness of a business model, efficiency and effectiveness of processes and systems, profits and growth. These predetermined parameters are meant to compare the current and continuous performance against the overall organizational objectives which act as the yard sticks or the bar to set the desirable level of competence that is geared towards performance with the deliberate aim to the organizational processes and systems (Younnis, 2015).

2.5 Supply Chain Management Strategies and Organizational Performance

SCM strategies affects overall organizational performance and competitive advantage. SCM strategies are expected to improve organizational performance by driving cost reduction (cost leadership), reduced time to market, quality improvement, delivery dependability and customer's responsiveness. Various studies have indicated that supply chain strategies such as outsourcing, strategic supplier partnership, information technology, lean supply chain and agile Supply chain significantly affect various aspects of organizational performance and competitiveness; measured through market share, sales growth, cost reduction, customer satisfaction, flexibility to customers' requirements, profit margins and speed of response to customers' needs, for instance, strategic supplier partnerships improve supplier performance through reduced time to market, increased customer response and customer satisfaction (Ingram, 2019). Outsourcing helps firms reduce costs, through reduced inventories, reduced overheads and leads times and enhanced customer service. This helps firms to achieve cost leadership and competitive prices in the market, resulting to increased market share and sound financial position (Li et al., 2006).

Adoption of information technology (automation) enables organizations to be better responsive to customer's needs (Sanchez & Pers, 2003). Firms that adopt electronic resource planning (ERP) deliver more benefits to their customers that include efficient response to needs. Vendor managed inventory (VMI), is a concept of information sharing which provides more customer sale data to manufactures, this leads to improved demand visibility which improves production and inventory control efficiency, improved replenishment schedules and the planning cycle. This ultimately leads to an effective manufactures operational control (Sadiq & Bruly, 2011).

2.6 Summary of Literature Review and Research Gaps

A review of literature reveals that different scholars hold different views on supply chain management strategies as critical in organizational performance. They have a consensus on the core supply chain strategies that are outsourcing, adoption of information technology and supplier relationship, standardization, centralized procurement and decentralized procurement are widely adopted while lean supply chains are less optimally adopted in many organizations.

From the literature reviewed outsourcing is used as a cost reduction measure and improving quality and efficiency of an organisations operations. As a result, competitive advantage that stems from cost reduction and quality of services offered has been the result of outsourcing. This has resulted from the delegation of non-core activities which has allows organisations to focus on core activities it is better equipped to perform(Akuraun, Shadrach & Iyortsuun 2017). Supplier relationships leads to superior supply chains and improved SCM as a result of collaborative decision making and supply chain policies. This partnership has led to more accurate demand forecasting leading to the market demand and production match that allows firms to avoid over or under produce with the associated costs of mismatched inventory policies(Fearne, 2020).Adoption of information technology has led to supply chain integration. With a visible supply chain organizations have realised benefits such as organisational productivity, higher profitability, sustainable supply chains and more customer trust(QingyuZhangb, 2011; Kumar, 2020).

Standardisation is about variety reduction. From the literature reviewed, reduction of variety has been said to lead to reduction of operational costs and increased chances of improving operational efficiency and product quality. It is easier to monitor quality of materials supplied and the finished product when variety is reduced. This places an organisation at a superior position relative to competitors. The lean principles are concerned with identification of the customers' value streams and elimination of nonvalue adding activities that improves efficiency(Luo,2016) .Agile supply

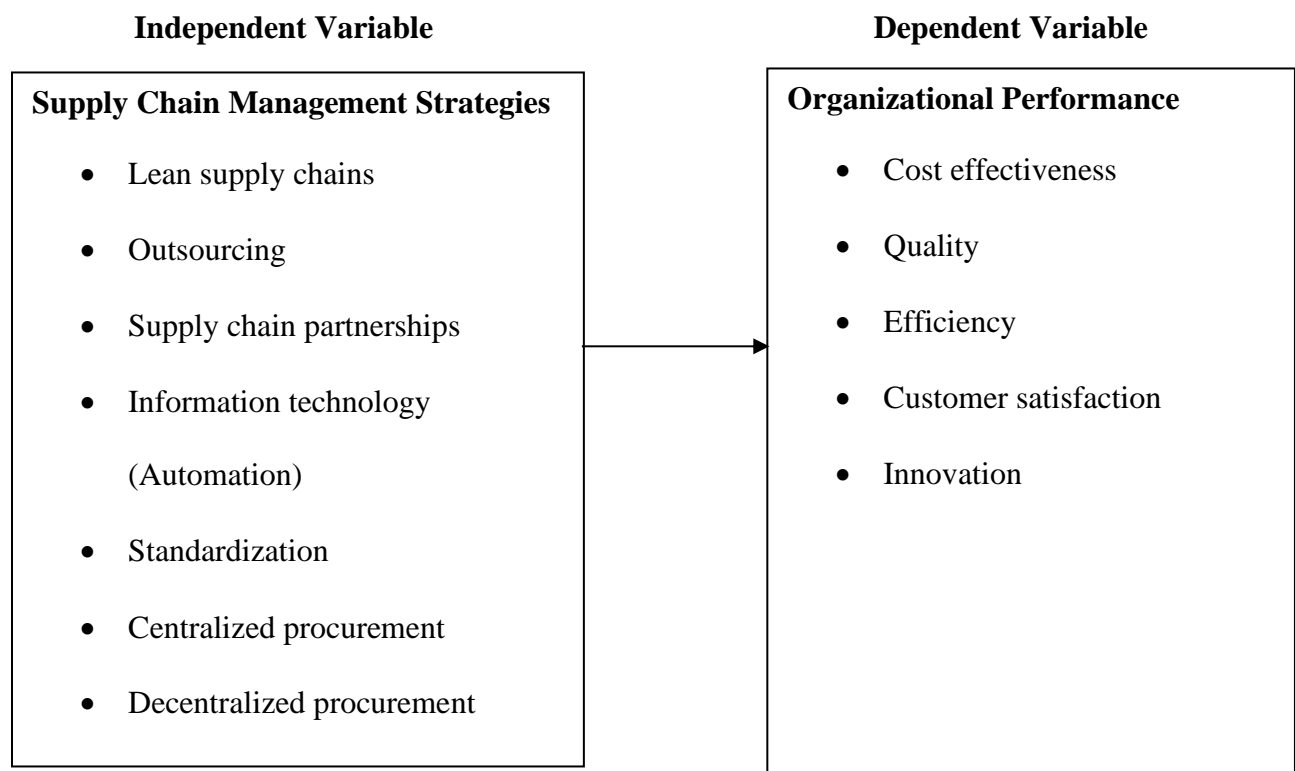
chains strategy is helping organizations which drives greater operational while centralised procurement leads to realization of benefits of economies of scale, superior negotiation power, compliance with standardization, waste management and better control of pilferage and other unethical practice(Lysons & Farrington, 2012).

Decentralised procurement has indicated that flexibility and decentralized decision making leads to a better understanding of the markets local demands trends, better services and satisfaction as results from assured deliveries due to a close relationship with local suppliers and ability to respond to emergencies. However, the benefits of scale and effective inventory management benefit are lost. Strategic supply chains management has been regarded as one of the key organisational functions that has a significant influence on performance of organisations. With adaption of the reviewed strategies organisational performance indicated by increased efficiency, quality, productivity, and profitability can be realised. Organisational performance can be measured in two approaches, the traditional approach (reliability, agility, responsiveness, and cost) and the SCOR model which defines the key performance indicators (KPI); adopted from the balance score card (BSC) performance measurement approach. (Bashaer, 2016).

2.7 Conceptual Framework

A is a presentation of what the researchers expect to find in their study. It defines the relevant variables of the study and maps out the likely relationship among the variables. It is ultimately the visual presentation of the relationship of the variables.

Figure 2.1: Conceptual Model



Source: Research Data (2020).

CHAPTER THREE:

RESEARCH METHODOLOGY

3.1 Introduction

According to Adrian, Lewis & Saunders (2003) study methodology means the steps to be followed in gathering and analyzing . This chapter covers the research design, the study population, method of collection data analysis of data and presenting that was used in the study.

3.2 Research Design

Research design is paln chosen by researchers to integrates way, thereby, ensuring that well consider the study problem; it constitutes the blueprint for the collecting , measurering, and analysising data (Bryman & Cramer, 2012). This study was qualitative and used case study design due to its ability to provide in-depth information about the unit of analysis. When the respondents of the study are between one and five the case study design is adopted when the study while qualitative research only applies in case studies designs (Sudhakar et al,2019). This study involved a single entity, hence case study design.

3.3 Respondents of the Study

The respondents comprised of the 60 (Sixty) staff members within supply chain management division.

3.4 Data Collection

Interview guide was used by the researcher in data collection, it is regarded as being suitable as it is able to gain in-depth information regarding the variables of the study. Data collection involves gathering and sorting information systematically to enhance accuracy and validity of collected data. Primary data interviews from 18 (eighteen) employees from the senior and middle level management of the supply chains management department at KRA. The respondents are considered to be better positioned to provide the needed data as the ones in charge of strategy formulation and implementation the interview guide for the study has have four (4) sections. Section (A) provided the respondents' general information (B) sought information about strategic supply chains management components. (C) provided information on organizational performance. (D) provided data on strategic supply chains management and organizational performance.

3.5 Data Analysis

Primary data relied on this study, the study adopted content analysis method to review collected data. Content analysis aims to organize and extract meaning from the collected data and to derive reasonable conclusions from it (Bengtsson, 2016). Qualitative content analysis is an effective mechanism for data records analysis in case study research.

The information from various respondents was evaluated and documented. The study respondents' feedback was grouped into categories that are sequential and exhaustive. The researcher therefore adopted content analysis to make inferences by identifying specific characteristics in the responses and using the same to relate trends. It is not restrictive to the respondents and therefore can give more information.

No.			Data Analysis Method
1	To establish supply chain management strategies adopted at the Kenya Revenue Authority (KRA).	One On One Interviews	Content Analysis
2	To determine the effects of supply chain management strategies on Kenya Revenue Authority (KRA).	One On One Interviews	Content Analysis

CHAPTER FOUR:

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter provides the study findings analysis of findings. Findings on the effect of supply chain management strategies on the performance of the Kenya Revenue Authority. The study targeted staff at the supply chains management division at the KRA head office. Sixty respondents participated in the study by responding to the questions on the interview guide conducted by the researcher.

4.2 General Information

The study sought to measure the as presented in table.

Gender	Frequency	Valid Percent	Cumulative Percent
Male	35	58.3	58.3
Female	25	41.7	100
Total	60	100	

The study findings on table 4.1 above indicated that majority of the respondents who participated in the study were male with a frequency of 35 accounting for 58.3 % while a frequency of 25 were females representing 41.7 % of the participants.

The study sought to establish the age of the respondents who participated in the study.

Age	Frequency	Valid Percentage	Cumulative Percent

Below 25	2	3.3	3.3
25 - 29	6	10	13.3
30 - 34	10	16.7	30.0
35 – 39	14	23.3	53.3
40 – 44	16	26.7	80.0
45 – 49	8	13.3	93.3
Above 50 years	4	6.7	100
Total	60	100	

From the study findings are indicated in table 4.2 above, it shows that majority 16 (26.7%) of the participants were between 40 – 44 years, 14 (23.3%), 10 (16.7%) were aged between 30- 34 years, 8 (13.3%) aged between 45 – 49 years, 6 (10%) aged between 25 – 29 years, 4 (6.7%) were aged above 50 years, while 2 (3.3%) were aged below 25 years. This indicated that majority of the respondents were mature enough to provide reliable information this study sought.

4.2.3 Level Of Education

Level Of Education	Frequency	Valid Percentage	Cumulative Percentage
Diploma	20	33.3	33.3

Undergraduate degree	28	46.7	80
Master's degree	12	20	100
PhD	0	0	100
TOTAL	60	100	

shows that majority 28 (46.7%) of a undergraduate degree, 20 (33.3%) of the respondents had Diploma, 12 (20%) had master's degree, while none had a PhD degree. This indicated well educated respondents able to offer reliable and credible information for the study.

4.2.4 Experience

Work experience	Frequency	Valid Percentage	Cumulative Percentage
Below 2 years	4	6.7	6.7
3 – 5	10	16.7	23.4
6 – 10	32	53.3	76.7
Above 10 years	14	23.3	100
Total	60	100	

From the study findings on table 4.4 above, it indicates a majority 32 (53.3%) of the respondents had worked at KRA for between 6 – 10 years, 14 (23.3%) above 10 years, 10 (16.7 %) between 3 - 5 years, while 4 (6.7%) having worked below 2 years. This therefore depicted that majority of staff having gained enough experience working at the KRA and therefore the information provided in the study was reliable.

4.2.5 Designation.

The study sought to establish the respondents' designation within supply chain management at KRA.

Position	Frequency	Valid Percentage	Cumulative Percentage
Officers	24	40	40.0
Supervisor	20	33.3	73.3
Assistant Manager	10	16.7	90.0
Manager	3	5	95.0
Chief Manager	2	3.3	98.3
Deputy Commissioner	1	1.7	100
Total	60	100	

(33.3%) are supervisors, 10 (16.7%) assistant managers, 3 (5%) managers, 2 (3.3%) while 1 (1.7%) was the deputy commissioner supply chain management. This therefore indicated that majority of the respondent's senior enough within KRA and therefore could provide reliable information provided for the study.

Discussions Of Findings

4.3 The General Objective

The study respondents noted that the lean philosophy, has helped KRA provide greater customer satisfaction. KRA has been able to conduct an effective value mapping that has led to an elimination of non-value adding activities in the system. The respondents noted that as a result the

operational costs at KRA have been reduced through a well-defined scope of activities that are necessary and sufficient ingredients of operational efficiency. Elimination of non-value adding activities through for instance, digital customer interaction platforms like i-tax, have improved the speed and quality of customer service due to high speed of customer service conveniently. These findings are consistent with the available literature. Spencer (2013) states lean thinking is a philosophy concerned with identification and elimination of non-value adding activities in the organizational processes; whose objective is to transform organizations into 'small' manageable, controllable and efficient entities. He averred that lean operations is one of frontiers that driver competitive advantage. There was therefore a general consensus that lean strategy positively influenced performance at KRA at a moderate extent.

The findings of the study further indicated that outsourcing significantly and positively influenced the KRA efforts to reduce operational costs, improved efficiency, and customer experience.. The respondents noted that these benefits originated from KRA focus on core business; revenue collection as it benefits from a large pool of skilled personnel it did not have to recruit and train.

With regard to the effect of supplier partnership on KRA performance a majority of participants noted at a high extent had a significant positive effect on lead times (short lead time) which resulted to the favourable operational efficiency, reduced costs and improved customer service quality. Generally, participants noted that supplier partnership led to mutual long term supplier relationships in the value chain, enhanced logistical and innovation efficiencies, reduced operative cost reduction programs and realization of strategic advantage resulting from suppliers' technology.

The findings of the study indicated that Information technology significantly influenced KRA performance through cost reduction, speedy customer service delivery. This has resulted from improved organizational supply chain visibility which reveals bottleneck areas and causes, and a reduction of unethical practices in the KRA supply chain function.

The participants further at a moderate extent noted that I.T has led to organizational integration that led to effectiveness and efficiency of operation, hence improved customer service resulting to speedy provision of services. In addition, it was noted to a high extent that the KRA customer interface IT infrastructure led to improved customer convenience and delighted customers.

To a low extent the participants noted that the role of IT in inventory control effectiveness was not as significantly affecting performance at KRA as opposed to organizations dealing with physical products, that require strict inventory control regime. This is consistent with the available literature on manufacturing and service operations. Regarding standardization participants noted at moderate extent, that the strategy, signifies procurement processes as well as leading to a reduction of errors. Other participants noted that to a low extent standardization led to time saving resulting from eliminating of the need for preparation of specifications.

The study findings indicated that centralization of procurement has aided KRA in driving its cost cutting and efficiency objective through elimination of duplicated and redundant efforts, optimized inventory control and staff reduction. The respondents specifically noted that at a high extent led to the realization of benefits of economies of scale due to consolidation of purchases. Further, consensus was obtained to a moderate extent that procurement centralization led to enhanced

management of orders due to accurate demand forecasts, as well as the opportunity for employment of procurement professionals from a central point.

Decentralization of procurement had insignificant influence on KRA performance among the significant contributions of decentralised procurement included being

4.3.1 Supply Chain Management Strategies Adopted At Kenya Revenue Authority

Regarding the extent of employing of the supply chain management strategies at the KRA, all the participants were in agreement that outsourcing strategy was adopted in the Authority at a high extent. They cited a few examples of outsourced services that have been outsource that included; cleaning services, security services, ICT services, hospitality services among others. The study findings were therefore consistent with the existing literature. Outsourcing strategy has been viewed as a business development strategy that allows organizations to improve efficiencies and bolster their bottom line through cost advantages, efficiency, flexibility, and focus on core areas. It enables an organization to achieve competitive advantage and allowing them to reduce operational risks that occur in the processes (Khana & Palepu, 2000).

The participants however cited that lean supply chains, supplier partnerships and standardization Strategies were adopted in the authority at a moderate extent because the strategies were regarded as work in progress.

When organizations partner with each other and when their objectives are aligned to their common goals, they enjoy a number of advantages including sharing of information resources, knowledge, profits and risks sharing. These findings were consistent with the study literature and resource based theory. (Jimenez and Sanz-Valle2011). Some of the benefits resulting from standardization include; less dependence on specialist suppliers and greater scope of negotiation, reduction of

errors and conflict and saves time and money by eliminating need to prepare company specifications.

Majority of the respondents concurred that information technology is adopted at a very high extent. The management level respondents noted that adoption of information technology is regarded as significant components that aid driving an organization's performance and sustainable competitive advantage in the long-run. **4.3.2 Effect Of Supply Chain Management Strategies On KRA**

Efficiency

Outsourcing strategy has been considered to be a business development strategy that allows organizations to improve efficiencies and bolster their bottom line through cost advantages, efficiency, flexibility, and focus on core areas. It enables an organization to achieve competitive advantage and allowing them to reduce operational risks that occur in the processes. Consequently, KRA has realized drastic cost reduction in recruitment, training and infrastructural development.

Lean strategy is a value mapping strategy aimed at eliminating waste by identifying and eliminating non value adding parts of a process to improve customer value delivery. With automation of the KRA systems the organization has realized drastic cost reduction, system visibility, and speedy customer service.

Standardization is a vital concept in supply chains since it allows all departments in an organization to communicate effectively and efficiently. It is important in supply chain management since it was established to have helped KRA to smooth out the activities it processes for supply chain partners which translated to high efficiency.

Information technology is widely adopted at KRA in areas like customer relations management systems, financial management systems, inventory management, human resource management systems among other areas.

4.3.3 Participation In Strategy Formulation And Implementation

Regarding supply chain management strategies and people involved in strategy formulation and implementation the participants revealed that the top management at KRA were involved in strategy formulation while the middle level management had the oversight role in strategy implementation. They cited outsourcing as the new paradigm in driving efficiency at the organization. It was also noted by all the respondents that strategy implementation was done by the operational staff and line supervisors at KRA. This was observed to apply across the organization. This was consistent with the existing literature by Thompson and Strickland (2003).

4.3.4 Strategy Communication

Regarding whether the supply chain management strategies are effectively communicated across the supply chain department, the managers are always informed by way of internal memos precisely through emails to individual branch managers. The participants noted that strategies are operationalized through individual operational staff through individual e-mails meant to familiarize them with each strategy. Other respondent noted that strategy formulation is never communicated to the operational staff and therefore formulation occurs at the top and then cascaded down the hierarchy for implementation. However, their involvement occurs at implementation and monitoring stage.

4.3.5 Management Support For Strategy Implementation

Regarding KRA management support for strategy implementation there was overwhelming consensus among all the participants that the entire supply management hierarchy provides support that ensures successful implementation of the strategies.

With regard as to whether KRA performs strategy viability assessment before implementation, there was divided opinion among participants. Some participants at top management level cited that yes, there was some feasibility performed in establishing the viability of each strategy before their implementation as a way to increase chances of success. They noted that in order to assess the suitability . Other participants at the operational level indicated that they were not aware of any strategy viability testing. Supervisory level participants noted that the amount of strategy viability assessment performed at the top management level was dependent on the expected magnitude of the impact of the strategy KRA output of cost reduction, efficiency and quality of customer service, and the amount of resources required for each strategy implementation. A section of middle level management noted that strategy viability assessment is a continuous process at KRA.

CHAPTER FIVE:

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter focuses on summary, conclusion and recommendations of the study, in line with the research objectives and the research questions. It also covers the study limitations and suggestions for further study as well.

5.2 Summary Of Findings Of The Study

The study established that strategy formulation is done at the top management level while the middle level management performed the strategy implementation oversight role. The operational staff however were responsible for strategy implementation of all the stakeholders, must be considered as necessary for the sustained implementation of SCM strategy.

The study established an effective communication of supply chain strategies across the department. At each stakeholder level there is need to operationalize each strategy by explaining to each stakeholder, each one's role in strategy implementation. This ensures the "ownership" of the strategies which eliminates resistance at any level in the department.

The findings also established that KRA management provides sufficient support for strategy implementation as an important enabler especially allocation of sufficient resources, and clearly defined strategic plan necessary for successful strategy implementation.

Regarding whether KRA performs strategy viability assessment, it was established that across the hierarchy there is viability assessment performed. It occurs at the formulation level as well as the pre-implementation level. This is aimed at increasing the chances of successful implementation

and realisation of the desired objectives. Monitoring and evaluation of the strategic planning process is a product of establishing an alignment of the strategy and organization's internal strengths and weaknesses and external environment. The aim is to ensure that the actual performance equals the desired performance as defined by the 'defined objectives'.

Regarding the role of the defined SCM strategies on organizational performance, research established that lean thinking, outsourcing, information technology, supplier partnerships, standardization, centralization and decentralization procurement has direct impact on the Authority's performance. Also it was established that standardisation and decentralization has a negligible but positive effect of operational performance of the KRA.

5.3 Conclusions

Supply chain management strategies are key for sustainability of every organization. The quality of output, cost of operations and efficiency of operations as the key measures of organizational competitiveness primarily driven by the effectiveness and efficiency of their supply chains that help organisations adopt to their external environmental changes. The research provides comprehensive analysis of the role of SCM strategies on organisational performance in an endeavour

From the study it is evident that outsourcing, adoption of I.T, and centralisation strategies were adopted at high extent and significantly and positively influenced operational performance of KRA. Evidence has been provided that lean supply chains and supplier partnerships have been adopted at moderate extent. While standardization and decentralisation has been adopted at a low extent. The effect of the later strategies on performance is not evident. The study has indicated that the philosophes of lean thinking and supplier partnerships are both appendages of outsourcing and appear to have been adequately addressed in the outsourcing strategy.

The study however has established that the major impediment in both successful strategy implementation and the full realization of the benefits of strategies, as they respond to the study questions and seek to realise the study objectives is the lack of holistic stakeholders' involvement at strategy formulation. This has in some instances in different cadres in the organization, there has been instances of resistance to adoption of IT strategy, outsourcing, centralised procurement strategies. Indeed, lean supply chain strategy, standardisation, and decentralisation does not resonate well in service operations. The study therefore concluded that KRA need to establish strategies in line with its own internal competencies, to increase the efficiency of its operations and overcome implementation challenges. Strategies need to be customised to the needs of the organization in order to improve its operational performance, through effective discharge of its core business of revenue collection.

5.4 Recommendations Of The Study

Synergic effect among identified SCM strategies has not been evident. The study therefore recommends that KRA commissions in robust research study to find out the appropriate strategies tailor made for KRA in order to complement each other in the driving performance.

The study recommends provision of sufficient financial resources for the implementation of the SCM strategies for effective realization of the desired performance. The study also recommends full involvement and participation of employees in the formulation and implementation of the strategy for 'ownership' and implementation of the strategies.

5.5 Limitations Of The Study

Owing to the busy schedules and the participants who were managers IN the supply chain department, it was very challenging to get their audience.

There were managers who were very reluctant to give information or participate in the study interview for fear that the information being sought was very sensitive and hence were unwilling to offer full disclosure of some information due to fear for infringing the secrets of the authority's supply chain management function, this was however overcome by the researcher introducing himself as a student of the university and that the research was meant for academic purposes only.

5.6 Suggestions For Further Research

Further studies should be done in private sector firms both in manufacturing and service operations regarding the role of supply chain management strategies in driving their performance. This will allow for a comparison to be drawn on the research findings in areas of convergence as well as in areas of deviation in terms of the study findings.

The same topic of study can be replicated to the other branches countrywide and expand the participants to include all supply chain management department employees and even clients in the at regional level where the KRA branch offices are located. The researcher therefore recommends a survey to the Kenya Revenue Authority to be conducted by future researchers.

Other research studies should be done to other state corporations investigating role of SCM strategies on performance, the strategies adopted and compare it with the findings of this study so that significant decisions can be made as need arises especially when the individual public institutions have experienced supply chain challenges coupled with other external environment factors that influence their general operations.

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APPENDICES

APPENDIX I: UNIVERSITY LETTER OF INTRODUCTION



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Date: 14th November 2020

REF: D61/77430/2015

TO WHOM IT MAY CONCERN

RE: WILLIAM OTIENO JUMA - REGISTRATION NO: D61/77430/2015

The above named student is in the Master of Business Administration degree program. As part of requirements for the course, he is expected to carry out a Research Project in her area of specialization on **"Supply Chain Management Strategies and Performance of Kenya Revenue Authority."**

He has identified your organization for the purpose of data collection and report writing. This is to kindly request your assistance to enable him complete the study. The exercise is strictly for academic purposes and we assure you that all protocols will be followed, and privacy regulations adhered to. If you have any questions or concerns, you are free to contact us. Your assistance will be greatly appreciated.

Best Regards,

DR NIXON OMORO
COORDINATOR, SoB, KISUMU CAMPUS

Cc File Copy

Source: University of Nairobi (2020)

APPENDIX II: INTERVIEW GUIDE

Kindly answer the questions filling in the blank spaces.

SECTION A: GENERAL INFORMATION

1. Name of respondent (Optional).....
2. Your gender Male () Female ()
3. Your age
Below 25 years ()
25- 29 ()
30-34 ()
35-39 ()
40-44 ()
45-49 ()
Above 50 years ()
4. Your highest level of education
Diploma ()
Undergraduate ()
Masters ()
PHD ()
5. How long have you worked at K.R.A?
Below 2 years ()
3-5 years ()
6-10 years ()
Above 10 years ()

6. What is your designation in the supply chain department at K.R.A?

Officer ()

Supervisor ()

Assistant Manager ()

Manager ()

Chief Manager ()

Deputy Commissioner ()

SECTION B: SUPPLY CHAIN MANAGEMENT STRATEGIES.

1. Who participates in the formulation and implementation of supply chain strategies at K.R.A? Top Management () Middle Management () Low Management ()

2. Are the supply chain strategies effectively communicated across the supply chain department? Yes () No ()

3. Does the top KRA management support implementation of the Supply chain strategies? Yes () No ()

4. Does KRA perform strategy viability assessment before implantation of the defined supply chain strategies? Yes () No ()

5. What is the extent of adoption of following supply chain strategies in your organization?

Strategy	High	Moderate	Low
Lean Supply Chain			
Outsourcing			
Supply Chain Partnerships			
Information Technology			
Standardization			

Centralized Procurement			
Decentralized Procurement			

6. Does your organization monitor implementation of supply chain strategies to ensure success? Yes () No ()

SECTION C: SUPPLY CHAIN MANAGEMENT STRATEGIES AND PERFORMANCE

7. To what extent do the following SCM strategies affect KRA performance?

Strategy	High	Moderate	Low
Lean supply chain strategy			
- Improving organizational efficiency through elimination / reduction of waste reduction.			
- Improved customer service quality leading to customer satisfaction.			
- Reduced operational costs (inventory holding, logistics and labour costs).			
Outsourcing			
- Strategic advantage resulting from access to supplier's technology.			
- Has led to reduction of operational cost			
- Reduced major investment cost in majority outsourced services (I.T and logistic services).			

- Improved services delivery as a result of focusing on core business and access to latest technology.			
- Enhance focus on core business (tax collection).			
Supply chain partnership			
- Enhanced mutual long term relationship with suppliers.			
- Enhanced logistical and innovation efficiencies.			
- Lower costs resulting from cooperative cost reduction program.			
- Strategic advantage resulting from access to supplier's technology.			
- Shorter lead times.			
Adoption of information technology			
- Effective inventory control.			
- Improved efficiency and effectiveness of the supply chain processes.			
- Total visibility of the supply chain identifying, bottlenecks areas unethical process.			
- Improved organizational integration and smooth work flow.			
- Improved customer service (delighted customer).			

- Reduced operational cost.			
Adoption of standardization			
- Helps in variety reduction of products.			
- Less dependence on specialist suppliers and greater scope of negotiation.			
- Simplify purchasing management			
- Reduction of errors and conflict.			
- Saves time and money by eliminating need to prepare company specifications.			
Centralized procurement			
- Benefit of economies of scale through consolidation of purchases.			
- Helps speed up the management of orders through forecast of required quantities.			
- Benefit of reduced supplier base.			
- Permit employment of purchasing professionals.			
Decentralized procurement			
- Better understanding of local needs as a result of close proximity to users.			
- Rapid response time to divisional or plant needs.			
- Promotion of local suppliers.			
- Lower cost due to lower transportation cost.			

Thank you for your time.