IMPACT OF SUPPLY CHAIN PRACTICES ON ORGANIZATIONAL PERFORMANCE : THE CASE OF ALLE BEJIMLA

A Thesis Submitted to the School of Graduate Studies of Jimma University in Partial Fulfillment of the Requirements for the Award of the Degree of Master of Business Administration (MBA)

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CERTIFICATE

This is to certify that the thesis entitles "*Impact of supply chain practices on organizational performance: The case of Alle Bejimla",* submitted to Jimma University for the award of the Degree of Master of Business Administration (MBA) and is a record of bonafide research work carried out by Mr. Anin Lukman Yusuf, under our guidance and supervision.

Therefore, we hereby declare that no part of this thesis has been submitted to any other university or institutions for the award of any degree or diploma.

Main Adviser's Name	*Date*	*Signature*
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Aregu Asmare(Asst. Prof.)	_____	_____

DECLARATION

I hereby declare that this thesis entitled "*Impact of supply chain practices on organizational performance: The case of Alle Bejimla",* has been carried out by myself under the guidance and supervision of Dr. Chalchissa Amentie and Mrs Aregu Asmare.

The thesis is original and has not been submitted for the award of any degree or diploma to any university or institutions.

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Abstract

Supply chain practices form the core part of organizational success. This paper aimed to examine the effects of Supply chain practices on the organizational performance of Alle Bejimlaa. The research used descriptive and quantitative statistical analysis methods and employed questionnaires and structured in-depth interviews employeed for data collection. The findings indicated that supplier segmentation was practiced to a great extent while supplier performance management practices were practiced to a moderate extent. The other three elements, SRM governance , supplier development practices and information sharing were found to be practiced to a small extent. The model developed using multiple linear regression to estimate the effect of supply chain practices on organizational performance resulted in only two significant variables Supplier Performance Management and Information Sharing. The results suggest that at Alle, the supply chain strategies/practices are very weak and are not considered a strong determinant of organizational performance. The findings indicated that only a few of the elements of supply chain practices are considered to be practiced to a great extent. It is, therefore, recommended that Alle start with a strong supplier segmentation, set-up a clear responsibility and guide to govern SRM, improve its performance management practice to make sure Alle and its supplier partners benefit from the partnership, and take advantage of current state of technology to collaborate and information sharing with its supply partners.

***Keywords**: Supply chain, supply chain management strategies, Organizational performance*

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A truly independent project is a contradiction in terms. Every project involves the contribution of many people. This project also ears the imprints of many people and it is a pleasure to acknowledge all of them. First, I would like to thank the almighty God for helping me through everything in my life; the second gratitude goes to my wonderful Mother, Aunt, and Uncle who have been by my side in giving me constant support. I would also like to thank my dear friend Mr. Abel Tadele who has been a major source of guidance and have rendered constant encouragement to complete this project. Last but not least my main advisor Dr. Chalchissa Amentie who has helped me shape my work, my co-advisor Mrs. Aregu Asmare for providing me with great help and all the ABH and Jimma University staff members.

ANIN LUKMAN YUSUF

CHAPTER ONE
INTRODUCTION

This is an introductory chapter presents a comprehensive overview of the study. The first section gives a brief introduction to the subject matter and introduces the background of the study. The subsequent sections present the statement of the problem and research questions followed by the objectives and the significance of the study. Finally, the scope of the study is given.

1.1 Background of the Study

For about three decades, the increasingly competitive environment of efficient cost management and quicker customer responsiveness has forced firms to develop new practices and technologies to reach and sustain competitive advantages (Chan, Chan, & Qi, 2006). In the current information technology era, firms are able now more than ever able to maintain a balanced level of integration and degree of solidarity and a sense of commitment at all levels within their value delivery chain. Yet to do so in a supply chain context, firms must be open to being aligned, communicative, joint structured, quantified on supply chain metrics, and open to partner interdependence. However, the constantly changing external environment creates enormous challenges for the individual firms themselves and for the supply chains they are part of (Lee, 2002).

The Confederation of Indian Industry (CII) (2005) defines the FMCG industry as one of the largest industries in the world. It comprises consumer non-durable goods and caters to the everyday needs of the consumer. The product characteristics are unique to the industry as they are non-durable, branded, packaged and consumed every month directly by the end consumer. The main segments of the FMCG industry are personal care, packaged food, and beverage, household care, spirits, and tobacco. According to Neely (2005) organizations of all sizes are realizing that they no longer have autonomous control over their market success. This is because they rely heavily on the performance of their supply chain trading partners. Many large organizations are now insisting that their small and medium industrial suppliers help them improve supply chain cost, reliability, and responsiveness.

Some researchers also claim that competition among organizations is being replaced with competition amongst their supply chains with their specific practices and goals (i.e., supply chain vs. supply chain) and not with each other in the market place. in order to achieve effectiveness and

efficiency in their operation, organizations are now required to design and sustain an optimal supply chain through proper supply chain management system.

Firms that pursue strategic coordination of the different business functions and stakeholders within a company and across companies within the chain are primarily motivated by the need for long-term survival (Mentzer et al., 2001). With the need to synchronize and integrate supply chains through proper performance measurement and application of SCM, organizations can create a higher customer value.

Supply chain integration is, therefore, not just a tactical decision but should be part of the company's corporate strategy (Vieira, Paiva, Finger, & Teixeira, 2013; Valmohammadi, 2013). Supply chain integration requires supply chain partners to collaborate and integrate their activities and operations. A major challenge in supply chain management is the coordination of the different activities taking place between all the involved participants. Understanding the interdependencies and the complexity of the activities and to instill the proper facilitators of supply chain integration at different levels such as information integration, coordination, and resource sharing and organizational linkages have been elementary to actually manage it.

Currently, the concept of supply chain management and supply chain integration in the FMCG industry is at its infancy in Ethiopia. With the establishment of Ethiopia's first modern cash and carry wholesaler of food and Fast-Moving Consumer Goods (FMCG), Alle, set to provide stores carrying a broad assortment of products sourced from international and local suppliers, and maintain lean supply chains to increase the availability of highly in-demand FMCG.

The truth is that designing an effective and efficient supply chain is difficult. Moreover, designing and maintaining integration amongst the different stakeholders requires significant work to overcome traditional barriers. Fugate, Sahin, and Mentzer (2006) explained that establishing organizational relationships can be a challenging task because it requires identifying the benefits, costs, and investments needed among supply chain members to attain integration. Despite the fact that barriers to integration exist, creating Effective supply chain integration happens when partnership based on trust exists between the members of the supply chain which is then translated into mutual sharing of information, risks, and rewards (Cooper & Ellram, 1993; Ganesan, 1994; Izquierdo & Cillian, 2004; Chu & Fang, 2006; Rascovic & Morec, 2013). Thus, overcoming the challenges

and managing that balance can contribute to superior gains in service effectiveness and cost efficiency consistent with strategic supply chain goals.

Thus, it is the interest of organizations to identify their respective critical factors that determine the effective and efficient integration of their stakeholders. Despite this, studies into the performance of supply chains of organizations in Ethiopia are limited. Accordingly, this research paper intended to assess the effect of supply chain activities on the organizational performance of Alle and identify factors key to its supply chain and performance.

1.2 Statement of the Problem

The impact of supply chain management activities and practices on organizational performance is increasingly receiving attention from scholars in the various areas of business and strategic management. The subject of SC performance with respect to supply chain integration the concern lies with the performance indicators the supply chain managers use to manage and monitor the supply chains (Mishra, 2008), resulting in using inappropriate measures to tackle the supply chain issues.

Kumar (2009) suggested a need was identified to find the appropriate supply chain performance attributes as a part of this research. A further reason for conducting this research was to address those discouraging questions that many FMCG supply chains face, particularly in the light of the recent (year 2008/9) economic crisis (Bitran, Gurumurthi & Sam, 2006; Desai, 2008; Lofstock & Foucher, 2009; Resse, 2009; Blackstone, 2010; Bala, Prakash & Kumar, 2010). A well-defined set of supply chain performance indicators help establish a benchmark and assess changes over time.

the problem of identifying supplier management and supplier integration is a great factor for attaining a company objectives. According to a research article published by Fasika, B. G., Thoben, K. D., and Seifert, M. (2014) the general manager of Alle stated, “Distributors are not our suppliers. We directly purchase the products from the manufacturers locally and internationally, so we face a problem of getting some commodities, which have exclusive importers here in Ethiopia,”.

Procurement at Alle and providing varieties of product is becoming challenging to customers. According to a publication on Fortune News, Abdurezaq, one of the retailers who registered as a

customer of Alle after fulfilling the criteria said, “Alle has a narrow product variety than other private wholesalers, especially on soft drinks, powder milk and packed butter,”. This concern is also shared by another customer, Tsegaye Bore, general manager of Genet Supermarket, located at Lideta District, who stated “I cannot get the brands that my customers demand, so I go to Merkato to get the commodities,” said Tsegaye.

Supplier evaluation and development is another main problem as the prices and quality is not as promised by the organization. Fortune News, also articulated that other major claim and reason by the association to drop its membership from Alle is the 50 packets of biscuits, each containing 48 pieces they bought from Alle. They purchased the commodities based on the price and the commodity list they received from the market intelligence team, which they get at the store but the list did not at all match in size, claims an old salesperson of the association who declined to be named. The association manager also stated “We told them to change the product with the one we ordered first, which had 250gm. Rather, they gave us 225gm, but we did not get any response. In addition, we cannot get buyers as the prices are expensive and inconsistent with the size,” he complains.

Yet, trading is still traditional as it had been before the advent of Alle, which is still an almost negligible player. The over-ambitious target of opening 36 stores in 26 towns across the country and securing market share of 20pc to 30pc in five years seems a pipe dream. It has not been able to successfully challenge the trade practices prevalent in Ethiopian markets and its projected financial needs have turned out to be unrealistic. This has made the pace of opening new stores sluggish. For the 2017 fiscal year, its projection of turnover is 750 million Br and securing 16,000 customers.

Trade in Ethiopian markets is traditional: the markets are fragmented, the nature of demand and supply is unpredictable, tracking prices is difficult and personal relationships predominate. Customers are not well-informed, trails of transactions are untraceable, middlemen play a considerable role and enforcement of quality standards is pretty difficult The major competitors are cunning, flexible and responsive, well-resourced, and experienced. Moreover, frequent glitches in the import process, such foreign currency shortages, poor customs administration, and corruption, are causing uncertainty in the market place. Poor logistics is also a major obstacle to smooth trading. (Fortune, 2016)

Alle a major and transformative player is that characterized by a low-profit-margin and the provision of quality and standard goods. Other features include long-term contracts with suppliers and bulk purchases to source goods at better prices, improved use of information technology (IT) and avoidance of middlemen. There are detailed working procedures such as fixed profit margin for retailers, limits on maximum purchases, and creating registered retailers.

The major pitfall from the very inception for the creation of *Alle* was underestimating the many complex and inter-playing factors that are the root causes of a poorly functioning market. Apart from that, problems surrounding *Alle* itself include under-capitalization, fewer items on its shelves, bureaucratic control, and lack of responsiveness.

With the entrance of Alle, there was a sense of uneasiness among the retailers. That was chiefly due to traceability of all dealings retailers would have with the wholesaler. They were well aware that transparent business dealings would deprive them of all unfair advantages: from tax dodging to unfair pricing, from stock hoarding to mainlining quality. Naturally, they tended to remain within the realm of murky business practices. That is why *Alle* will have a tough time ahead to challenge deeply held concepts of business and transform long-ingrained business practices.

Effective supply chain can be maintained when partnership based on trust exists between the members of the supply chain. Traditionally, retailers usually have long-standing relationships with their wholesalers. On the basis of these relationships, informal credit and flexible payment terms are arranged. There are no restrictions on quantity purchased, returning unsold goods and discretionary price setting. Playing by the rules of Alle, not only deprives them of those privileges but also makes their dealings transparent. Government agencies, particularly the tax office could easily access to the majority of their dealings. Alle has to do credible work to persuade retailers, both registered and potential ones that they would be better off by being long-term loyal customers, playing by the book.

Disruption in the import and distribution process, surprise changes in prices and other practices easily translate into uncertainties in the market. The opportunity for brokers to manipulate the market creates reluctanty of buyers to buy and sell until the uncertainties clear up. With Alle there is also regulatory role customers and suppliers should adhere to. It has a responsibility to make sure that retailers are selling its products at set prices. This is not an easy task to enforce as there

is a large number of retailers spread all over the country. The only way retailers would sell at agreed prices is when compelled by market forces. This requires accessibility, smooth and steady supply, price predictability and responsiveness.

When retailers anticipate reduction of prices, they cease ordering new stock until they clear their existing inventories to avoid losses arising from holding stock bought at higher prices. Elements that are crucial to creating functioning modern markets include rigorous demand prediction mechanisms, continuously tracking competitors' prices and uninterrupted supply at competitive prices. Responding to regular feedback from retailers and providing information to customers through them, using the most accessible channels are also critical.

If we accept that opening stores in strategic locations, IT and management issues, and having a wider range of products are under Alle's control, its long-term strategic success depends on cost and product range advantages. The lower sourcing and administration costs, the lower it could sell products and force competitors to follow. What we are witnessing is the very young *Alle* having difficulty doing so in the industry. *Alle* would benefit from persuading suppliers to enter into long-term contracts for the provision of lower priced items.

Fekadu Girosh (2016), found that ALLE doesn't bring significant contributions on food and FMCG market in Ethiopia as much as expectations rather than a little bit effects and psychological impacts on stabilizing food and FMCG (price, product availability, market share in the market) and has negative and little bit positive impacts on its competitors even though its negative impact was higher than positive impact and also, it doesn't satisfy its customers, end users while some of its suppliers were also dissatisfied.

Beamon (1998) strongly implied that supply chain improvements will not only improve internal performance but will also create benefits that will ripple through to customers and partners as well. Likewise, effective planning and execution can help companies and their customers adapt to the market's demand shifts. When the company can purchase, produce and distribute the right products to the right channels in the right quantities at the right time, both supplier and customer will increase revenue capture by channel and region.

In light of the above discussion, this research intends to identify the supply chain management activities and practices and their implication on the organizations' performance.

1.3 Research Questions

1. What is the effect of Supplier segmentation Practice on organizational performance at Alle?
2. How does the Supplier Relaationship Management governance Practice affect organizational performance at Alle?
3. How is the supplier performance management Practice affecting the organizational performance at Alle?
4. What is the effect of Supplier Development Practice on organizational performance at Alle?
5. What is the effect of information sharing on organizational performance at Alle?

1.4 Objectives of the Study

1.4.1 General Objective

To examine the effects of supply chain practices on the organizational performance of the state-owned distribution company, Alle Bejimla by analyzing the factors affecting supply chain practices.

1.4.2 Specific Objectives

In line with the general objective, this research specifically tried to address the following specific objectives:

- To assess the effect of Supplier segmentation Practice on organizational performance
- To explore how the SRM governance Practice affects organizational performance
- To identify the effect of supplier performance management Practice on the organizational performance
- To evaluate the effect of Supplier Development Practice on organizational performance
- To see the effect of information sharing on organizational performance

1.5 Significance of the Study

The output of this research will help the stakeholders involved in the operation as the owner's and partner's to better understand the major success factors and challenges of its supply chain and overall performance of Alle. It will also serve as an input for crafting a Practice on how to enhance the level of efficiency in the future to enable the practitioners and policymakers to obtain a list of lessons to learn and factors to be considered before and after implementation of similar initiatives in the country. Last but not least it will give substantial information to the academicians as to how effectively design and apply a Supply chain integration system.

In line with the above facts, it is further hoped that by examining the effectiveness of the supply chain strategies, this study will provide relevant information to decision makers (management of the enterprise, board of directors and government) about how well the enterprise and its supply chain Practice is helping improve the organization's performance.

1.6 Scope of the Study

The scope of this study covers examining the extent of implementation of the organization's current supply chain practices in attaining its objectives. The scope of this research, however, is limited to the stores of Alle in the city of Addis Ababa. The evaluation is mainly in terms of the efficiency and effectiveness to bring about smooth coordination of the different stakeholders and how it enhances productivity. Eventually, it is to filter out the challenges and the success that enables to conclude and build on lessons learned to be considered for future action.

Limitation: The major limitation of this research is that it is confined to the city of Addis Ababa. This geographical limitation is chosen because of time and access restrictions. The other thing is the respondents of the questioner were chosen based on the convenience because of time constraints. Further, the lack of access to secondary data was a challenge. Finally, the researcher found a very limited amount of similar research done in Ethiopia which made comparison and confirmation difficult.

1.7 Organization of the Study

This research report contains five chapters. The first chapter presents the introductory part where the background, the problem, the research question, and objectives, as well as the scope, are discussed. The second chapter deals with the review of related literature covering both theoretical and empirical literature. Chapter three is concerned with the research design and methodology. Mainly, the third chapter covers the design of the research, sample and sampling techniques, source and instruments of data collection, procedures of data collection, and methods of data analysis are presented. Chapter four presents the main body of the research where the data is presented and analyzed. The last chapter, chapter five, includes the conclusions and recommendations based on the findings.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

This chapter presents a detailed discussion of topics relevant to the study; particularly Supply chain, Supply chain management, and supply chain performance are presented. Topics related to Supply chain include its meaning and its different elements. Further, selected Supply chain performance measurement types and their respective appropriateness for different cases are discussed before a review of empirical work is presented.

2.1 Theoretical Literature Review

2.1.1 *Definition of Supply Chain and its element*

To understand the term of supply chain integration in depth, first the term of the supply chain, Supply chain management, supply chain integration and the role of performance measurements as a base for a complete definition of supply chain management.

Supply Chain is a set of three or more organizations directly linked by one or more of the upstream and downstream flows of products, services, finances, and information from a source to a customer (Mentzer et al, 2001). A supplier for this company has its own set of suppliers that provide input (also called second-tier suppliers). To get a competitive advantage over rivals, supply chain emerges as a core capability for most distribution companies. The main goal and important aspect of the supply chain is leveraging the expertise, experience, skills, and capabilities of the supply chain professionals who comprise this competitive network (Mentzer et al, 2001). The integration and management of supply chain organizations and activities through cooperative organizational relationships is called Supply Chain Management (Handfield, 2002, p. 8).

2.1.2 *Supply Chain Integration*

This topic explains prominent factors affecting the integration of a supply chain in general and a typical class of both at an industry level and firm level. It describes the factors affecting the integration of the supply chain and its consequence on the performance of the supply chain. The factors range from the financial performance of the supply chain as well as operational perspectives at the firm.

The term supply chain integration refers to the extent an organization strategically collaborates with its supply chain partners and collaboratively manages intra- and inter-organizational processes (Flynn, Huo & Zhao, 2010). Supply chain integration is facilitated by the level of trust and commitment the partners have with each other. Their ability to share sensitive information in a timely manner with trust gives them the edge to collaborate effectively making them more integrated.

2.1.3 *Types of SCI*

The dimensions and variables used for SCI in previous researches have a different variety. SCI can be applied at an intra and inter company level. Previous studies analyze SCI considering three main approaches: (1) external (with supplier and customer) and internal integration, (2) process integration and (3) information/data and physical/materials flow integration. another level of integration as Narasimhan and Kim (2002) indicate, are the three levels of integration – company integration with suppliers, company integration with customers and internal integration.

Moreover, Flynn et al. (2010) indicate three SCI dimensions: customer, supplier and internal integration. SC business process integration involves collaboration between buyers and suppliers, joint product development, common systems, and shared information. Narasimhan and Das (2001) distinguish between customer integration, information integration, logistics and distribution integration, and supplier integration. Few authors have considered SCI through multi-dimensional constructs. Different dimensions are used to characterize the SCI concept.

Although internal integration is a pre-requisite to achieve external integration, several papers focus only on external integration with suppliers (e.g. Cagliano et al. 2006, Cousins and Menguc 2006, Das et al. 2006, Koufteros et al. 2007). Therefore, integration could be achieved through three major interrelated activities: customer relationship management, internal SCM and supplier relationship management. In other words, the role of SCM is to integrate both customers and suppliers with the client's business processes.

2.1.4 *Performance Measurement of SC*

Supply Chain performance is defined as the multiple measures of performance developed by the organization to gauge the ability of a supply chain to meet an organization’s long- term and short-

term objectives. Performance measurement is the process of quantifying the effectiveness and efficiency of action (Neely et al, 1995). An important component in supply chain design and analysis is the establishment of appropriate performance measures (Lin, 2013). A performance measure or a set of performance measures is used to determine the efficiency/effectiveness of an existing system, and compare with alternative systems.

The types of performance measurements are discussed with a different focus. The focus can be on quantitative and qualitative measurements which include the level "SCM" should be measured, financial and non-financial measurements, as well as the scope of measurements included. Performance measurements based on financial accounting have for a long time been the primary tool according to Adams et al. (1995). The changes in the business environment from controlling of cost to customer value have changed the focus in performance management. At the end of the nineties, two types of performance measurements dominate in the literature according to Beamon (1999). These were cost and customer responsiveness. Customer responsiveness usually includes lead-time, stocking probability and fill rate.

To summarize the development for SCM you can see that the way companies measure the quality of their product and services has evolved from internal quality assurance to external customer satisfaction and from there to customer value.

Another focus is on internal and external performance. Internal performance measures how a company performs from an internal perspective. Internal measures are important for detailed organizational monitoring. External performance measures how the company performs against external customers. Bowersox and Closs (1996) say that External performance is important to understand to be able to maintain the focus on the customer perspective. One way to perform the external measurements is to send surveys to customers.

SCI performance measurements should also consider the whole Supply chain and enable a system thinking. Beamon (1999) discuss the weakness of single supply chain measurements. Beamon concludes that the most common weakness of measurement is that it not covering the whole scope. It must measure all related aspects of the Supply chain and not be sub-optimized. If a company decides to use cost as the only measurement of its Supply chain performance this will probably result in a Supply chain operating under minimum cost, but with a high risk of poor customer

response, poor time performance or lack of flexibility. Many researchers are skeptical about the possibility to create a well- functioning Supply chain measurement system.

2.1.5 *Supply. Chain Practices*

Supplier Segmentation: Supplier segmentation is the procedure of classifying suppliers centered on a distinct and established benchmark in categorizing the key suppliers with which to involve in SRM (Bensaou, 2003). Organizations spend time, resource s and efforts on a limited number of strategic suppliers because not all suppliers require the same level of focus (Lenders, 1995).

Supply Relationship Management & Governance : Supplier Relationship Management (SRM) is an all-inclusive method of managing firm s interactions with its suppliers. It plays a vital role in saving costs and increasing procurement performance in organizations. This part gives a broad insight into the SRM practices that organizations should practice to reduce costs, avoid supply delays and improve overall procurement performance. To manage supplier relations organizations can employ a variety of practices such as Supplier segmentation, SRM governance, supplier performance management, and supplier development (Zimmermann, et al 2015; Chopra and Meindl, 2013; Lysons and Farrington 2006). To achieve an effective supply governance, the internal governance processes must be aligned to the organizational structure and assigned teams ownership (Shin, Collier & Wilson, 2000). It is essential to encompass the right stakeholders from the business in the process of as well as ownership from the procurement department in supplier relationships (Archer, 2003). These stakeholders are part of a recognized supplier governance committee for each category of suppliers. A governance committee describes and pushes the strategic roadmap together with the supplier (Choy, Lee & Lo, 2002).

SRM and Supply chain performance: The importance of Supplier Relationship Management within the SC is substantiated by a number of scholars. Burnes and New (1996) emphasize the importance of partnership sourcing for supply chain improvement. Slack and Bates (1997) stress that partnerships are critical to the successful management of the supply chain.

Supplier Relationship Management necessitates a consistency of approach and a defined set of behaviors that foster trust over time Flynn (2010). Effective Supplier Relationship Management requires not only institutionalizing new ways of collaborating with key suppliers but also actively

dismantling existing policies and practices that can impede collaboration and limit the potential value that can be derived from key supplier relationships. At the same time, SRM should entail reciprocal changes in processes and policies at suppliers.

Company experts advocate that an appropriately designed SPM solution can help organizations define, measure, and enhance supplier performance to meet business goals and potentially free up resources to perform other critical business functions (Ariba, 2008). Formal SPM programs are associated with supplier performance improvement results estimated around 20 percent according to The Supplier Performance Measurement 11 Benchmark Report, published by the Aberdeen Group in 2002.

Supplier Performance Management Practice: According to Tan, Kannan & Handfield (1998), measurement of supplier performance is critical in procurement management. A firm can focus on strategic suppliers who supply the highest percentage of goods and deal with those performance issues with the instantaneous and highest influence on its operations (Lambert, Emelhainz & Gardner, 1996). This constricted focus oversees lower rank suppliers or suppliers of apparently non - essential goods and services that can affect a firm's cost reduction efforts, performance and customer focus (Pi and Low, 2006). To this end, Rizza (2006) clarifies that supplier performance Management (SPM) program provides a method for organizations to track key metrics for cost, quality, and service through the use of scorecards and dashboards.

Supplier Development: one of the authors first who introduced the term supplier development in academia was Leenders who stated that supplier development properly used could "be an extremely effective purchasing tool" (Leenders (1966) reprinted 1989:47), and that therefore is an area of high relevance for purchasing research. Since Leenders' article, there has been an increasing interest for supplier development activities both in academia (Axelsson & Håkansson, 1984; Hines, 1996; Krause & Handfield, 1999; Lilliecreutz & Ydreskog, 1999;

After the evaluation and selection of suppliers with the objectives set, developing the performance should be given attention. supplier development can be defined as Any effort of a firm to increase performance and/or capabilities to meet the firm's short- and/or long-term supply needs. Krause (1997) also identified three different approaches exercised by firms to increase supplier performance. Those three were: Direct firm involvement, incentive commitment and enforced

competition among its different suppliers.

However, it must be noted that the review made by Krause is using a narrow definition of supplier development. Other studies suggest that supplier development is a natural way to further deepen buyer-seller relationships as the relationship matures.

To work with supplier development means that both parties must make investments in the development program. A prerequisite for supplier development is information sharing and increased communication (Galt & Dale, 1991; Lamming, 1993). According to Krause (1999), commitment, relationship continuity, and communication can be considered to be the antecedents of supplier development.

Hartley and Jones (1997:27) have focused on supplier development processes and they see supplier development as a four-step process with the following steps: Assessing the suppliers' readiness for change, building a commitment through collaboration, implement system-wide changes and transitioning out of the supplier's organization.

Knowledge management is a crucial part of supplier development. It represents a key benefit for firms, which share information (Laudon, & Laudon, 2004). Knowledge management in supplier relationships is developed by maintaining a repository of contracts and other documents describing the firm's interaction with merchants (Laudon & Laudon, 2004).

Information sharing which requires firms to exchange strategic supply chain information apart from transactional data, leading to improvement in the relationship and integration between the SC partners (Hsu, Kannan, Tan & Leong, 2008).The strategic supply chain information allows supply chain partners in making a strategic decision in their operations (Li et al., 2006). Information sharing becomes crucial in these turbulent economic times as it drives the firm into becoming a collaborative structure. In addition, quality of information sharing refers to the extent to which a firm shares a variety of relevant, accurate, complete and confidential information in a timely manner with its supply chain partners (Monczka et al., 1998; Angeles & Nath, 2003; Simatupang & Sridharan, 2005; Sheu, Yen & Chae, 2006). Given these predispositions, levels of information sharing, as well as the quality of information, shared become critical aspects in deciding the supply chain success.

Collaborative awareness as a construct has been defined by Barnes and Liao (2012) to study its relationship with organizational awareness and supply network competency. It looks at trusting, long-term relationship with the supplier, a term we refer to as collaborative awareness. Barnes and Liao (2012) in their study defined collaborative awareness at the organizational level as the extent to which a firm perceives its trust and commitment with their supply chain partners. This relationship, therefore, exploits both the tacit and explicit knowledge of the networked firms resulting in the creation of strategic Incentive alignment refers to the process of sharing costs, risks, and benefits among supply chain partners (Simatupang & Sridharan,2005).

Goal congruence between supply chain partners is the extent to which supply chain partners perceive their own objectives to be satisfied by the fulfillment of the supply chain objectives (Cao, 2007). congruence refers to alignment or fit of the stakeholders in the supply chain. Therefore, when there is an alignment between the goals of the supply chain and that of the partners, it would lead to a higher level of partnership and successful collaboration (Eliashberg & Michie, 1984). Collaboration requires mutual understanding and concurrence on certain beliefs, values, and practices (Cao, 2007); goal congruence is one such key indicator to establish collaborative partnerships in a supply chain.

Decision synchronization refers to the process where supply chain partners orchestrate decisions in supply chain planning and operations that optimize supply chain benefits (Simatupang & Sridharan, 2005). In order to achieve a desired set of objectives, firms engage in planning to determine the best way to utilize their resources. Mostly, decisions in supply chain involve planning and scheduling, procurement, and distribution management. Therefore, planning jointly helps in aligning partners and to coordinate decisions on inventory replenishment, order placement, and order delivery.

Inter-organizational systems (IOS) Cash and Konsynski (1985) define IOS as automated information systems shared by two or more companies. It refers to the information technology applications used in mediating buyer-supplier transactions and relationships (Subramani, 2004). Information technology acts as a facilitator in providing real-time information sharing and permits the participants of a geographically dispersed supply chain to face lesser uncertainty and better inter-firm coordination.

Organizations join networks in response to external factors, such as Complexity, uncertainty, and/or what many researchers refer to as “wicked problems” existing in a current operating environment requiring more resources than one organization can provide. The need for information gathering across organizational boundaries and the perceived value of having a network to serve as a bridge between the organizations can influence organizations to join networks.

This means that the success of a network can be said to be meeting the stated purpose of the network and fulfilling the needs of its members. The network to be used should be sustainable in such a way that the membership base has a common purpose and will to work and not compete with each other. This could be attained by managing the member composition, instilling trust between the members by using written contracts that the partners in the network adhere to over time.

Accordingly, the networks must also be structured and governed in such a way that helps serve their purpose. A network must also have a stable administrative body that shapes and maintain it. The administration will be responsible for the communication plan, conflict management, respecting and mitigating members interest and manage the power relationship for it to be successful and be sustainable.

2.1.6 *Supplier Integration*

Supplier integration plays a very important role in the operational integration of the supply chain. One of the keys to increased responsiveness in the supply chain is a high-integration with upstream suppliers. Purchasing has been defined as:

“The management of the company’s external resources in such a way that the supply of all goods, services, capabilities, and knowledge which are necessary for running, maintaining and managing the company’s primary and support activities are secured at the most favorable conditions.” (van Weele, 2005:12).

Objective setting: According to Tan (2001), in order to integrate suppliers communicating and setting of consistent and strategic objectives is crucial in order to build a win-win relationship with the supplier, share the resources each other, and achieve continuous improvement (CI).

Supplier evaluation and selection: for the successful evaluation of suppliers Stanley and Gregory (2001) came up with three models of the supplier selection criterion which has since gained a lot of fame. Their model consists of:

I. Cost Criteria: The aim of this criterion is to identify the vital element of the cost associated with the purchase. The most common cost related to a product is purchase price, transportation cost, and taxes (Stanley and Gregory, 2001). Operational costs are also being considered during supplier selection. The operational cost includes transaction processing; the cost of rejects and Distribution Cost such as lengthy distribution channel cost, transport expenses, inventory cost, handling and packaging Cost, damages during transportation and insurance costs.

II. Technical Capability: The second model of evaluation which is technical includes a supplier technical ability to provide high-quality product or service, ensure future improvements in performance and promote successful development efforts. By analyzing the suppliers, Organizational Profile and identifying achievement of sales and marketing goals, financial performance, the achievement of current organizational goals and Practice for the technology age.

III. Service Levels: The performance of the supplier in providing service to its partners is another prime criterion to decide its Suitability for a particular product. Beamon (1999) argues that the good service given by the supplier may help to increase the customer base and therefore, this criterion is important in global supplier selection. The analysis of the service level of suppliers include its ability to follow the predefined delivery schedule, to have a shorter lead time, to be able to communicate with ease

Consequently, Risk Factors such as a supplier's geographical location, political stability of the supplier’s country and its nature towards the business policies.

As for the collaborative relationship, according to the supplier performances, it can be divided into four grades as follows:

- Partners, the suppliers whose performances have topped the performance measurements of the focal firm and reach the world-class level, and played an important role in customers’ satisfaction of the focal firm.
- Key suppliers, the suppliers whose performance have topped the lowest level of the focal

firm and go further towards the world-class level continuous.

- Qualified suppliers, the suppliers whose performances reach the lowest level of the focal firm, but no action on continuous improvement.
- In questioned suppliers, the suppliers whose performances are lower than the lowest level of the focal firm and may be rejected from the supplier group.

2.1.7 *Inter-Organizational Network*

The Inter-organizational competence as defined by Sanseau (2005) refers to the organization's capacity to identify, capture, use and optimize the resources in its environment to manage relationships with other partners in its environment and to simultaneously capitalize on resources and processes to survive and flourish. The organizations capacity to go beyond its boundaries and look at external consistency in order to manage and optimize inter-organizational resources forms a major component in inter-organizational competence. Accordingly, inter-organizational competencies require firms to engage in activities such as:

2.1.8 *Organizational Performance*

Organizational performance is described as the extent to which the organization is able to meet the needs of its stakeholders and its own needs for survival (Griffin, 2003). According to Swanson (2000), organizational performance is the valued productive output of a system in the form of goods or services. Organizational performance can be subdivided into three categories: financial performance (profit), internal non-financial performance (productivity) and external non-financial performance (customer satisfaction). Private sector organizations strive for good financial results whereas public organizations are aimed at non-financial results like delivering good public services to citizens.

To achieve organizational performance through employees, the organization must consider them as assets and they must be treated with great attention so that the employees become productive. There are a number of indicators by which organizational performance may be judged; the balanced scorecard offers both qualitative and quantitative measures that acknowledge the expectations of different stakeholders and related assessment of performance in a choice of Practice. In this way, performance is linked both too short term outputs and process management

(Johnson et al., 2006). Due to the realization that people are the most valuable assets in an organization, the importance of performance management has been pushed to the fore (Bartlett and Ghoshal, 2005). The performance measurement system employed in an organization must, therefore, measure the performance of all assets including the human ones.

The balanced scorecard of Kaplan and Norton (1996) is a mechanism which provides a holistic measure of organizational performance. It is a set of measures that provide managers a fast but comprehensive view of the business. The Balanced Scorecard is not only a measurement system but also a management system, which enables organizations to clarify their vision and strategy and translate them into action. Traditional methods of measuring a company's performance by financial indices alone have virtually disappeared from large organizations (Basu, 2001). Non-financial measures are at the heart of describing the strategy and of developing a unique set of performance measure practices that clearly communicate strategy and help in its execution (Kaplan & Norton, 1992, 1996). Frigo (2002) reported the existence of a gap between Practice and performance measures, which failed to support the communication of strategy within an organization. Hudson et al. (2001) concluded that although there was a widespread acceptance of the value of strategic performance measurement amongst firms that they studied, none had taken steps to redesign or update their current performance measurement systems.

Profitability measures the extent to which a business generates a profit from the factors of production: labor, management, and capital. Profitability is the most important measure of success of the business. A business that is not profitable cannot survive, yet a highly profitable one has the ability to reward its owners with a large return on their investment. Profitability analysis focuses on the relationship between revenues and expenses and on the level of profits relative to the size of investment in the business (Mesquita & Lara, (2003). Four useful measures of firm profitability are the rate of return on firm assets (ROA), the rate of return on firm equity (ROE), operating profit margin and net firm income. The ROA measures the return to all firm assets and is often used as an overall index of profitability, and the higher the value, the more profitable the firm business. The ROE measures the rate of return on the owner’s equity employed in the firm business. It is useful to consider the ROE in relation to ROA to determine if the firm is making a profitable return on their borrowed money (Hadlock & James, 2002).

2.1.9 *Supply Chain Management Practices and Organizational Performance*

Delaney et al, (2006) point that organizational performance can be evaluated by quality service and products, satisfying customers, market performance, service innovations, and employee relationships. On the other hand, Hoque et al, (2000) in their study of organizational performance based on a balanced scorecard, stated that organizational performance can be appraised by the return of investment, the margin on sales, capacity utilization, customer satisfaction, and product quality. In the same way, Greene et al, (2008) identified that return on investment, sales, and market growth, and profit is important factors that can be measured by organizational performance. In all these performance measures, SCM practices have a positive relationship or generally affects the level of organizational performance.

A strong customer leads to improved marketing and financial performance (Green et al., 2008). As customers begin to demand that the products and services that they purchase be eco-friendly, it is important that manufacturers generate intelligence related to these changing customer demands. A manufactured product that remains unsold in inventory, because it does not satisfy customer demand is blatantly environmentally unfriendly. A company's customer relations practices can affect its success in managing the supply base as well as its performance (Turner, 1993). A key element of successful supply base management involves the downstream integration of customers as well as the management of upstream suppliers. Each entity in the supply chain is a supplier as well as a customer. When a customer-driven corporate vision is implemented simultaneously with effective TQM and supply base management practices, it can produce a competitive edge in a number of different ways. These include increases in productivity, reductions in inventory and cycle time, increased customer satisfaction, market share, and profits.

Chong and Ooi, (2008) assert that a good organized and executed SCM will make it possible for companies to decrease their inventories, have better customer service, diminish costs as well as aid fast inventory turns. One of the biggest advantages of SCM in the situation of short-term objectives is increasing productivity and decreasing inventory and reducing lead time. Based on long term objectives, this factor has a significant role in increasing the company’s market share and having outside integration of the SCM. (Li et al., 2006).

Carr and Smeltzer (1999) have documented how firms with strategic purchasing are able to foster long-term, cooperative relationships, and communication, and achieve greater responsiveness to the needs of their suppliers. Although other factors, such as restructuring and governance, and transaction cost economizing are also important for understanding strategic purchasing and its linkage to supply management, they are beyond the scope of this investigation. Strategic purchasing fosters communication, which is critical to achieving effective integration throughout the supply chain. Effective communication contributes to the development and maintenance of inter-organizational routines that have been documented to enhance a firm's capability for effectively managing strategic alliance (Zollo et al., 2002).

2.2 Empirical Literature Review

Bowersox and Closs (1996) showed that to be fully effective in the current competitive business environments, companies must develop their integrated behavior to incorporated customers and suppliers. The philosophy of supply chain management turns into the implementation of SCM: a set of activities that carries out the philosophy. The set of activities are coordinated effort called supply chain management between the supply chain partners, such as suppliers, manufacturers, and customers (Greene, 1991).

According to Strahwald and Sucky (2006), the problem of performance measurement has been attributed to the inability of organizations to design a respective measure and metrics. The inability of performance measures and metrics to fully integrate the supply chain is a widespread reason why companies have not succeeded in maximizing their supply chain's potential. For that reason, this contribution examined performance metrics within the context of SCOR activities. The selection of appropriate metrics and the definition of the project approach requires the determination of a supply chain focus area for the practical example.

Customer relations related to the company's ability to communicate to the delivery of appropriate products and services to customers locally and globally in the right time, right place, and appropriate of quantity and quality. Customer linkage especially sharing product information with customers, receiving customer orders, interact with customers to manage demand, after placing the order system, share the status of orders with customers on scheduling orders, and product delivery stage (Lee, et al, 2007). A firm's customer relationship practices can generate organizational success in supply chain management practices efforts as well as its performance

(Scott and Westbrook, 1991; Ellram, 1991; Turner, 1993). The success of supply chain management encompasses customer integration at the downstream and supplier integration at the upstream, considering that each entity in a supply chain is a supplier as well as a customer (Tan et al., 1999; Thatte, 2007).

Lindner, Cui, and Hertz (2009) identified nine challenges that hinder the performance of supply chains. They identified communication, trust, strong cost focus, willingness to share information, learning and collaboration among the supply chain participants, reduction of complexity, transparency of processes, advantages and disadvantages, handling of new management approaches and that technology is a supporting tool only.

Gimenez, Vaart, and Donk (2012) in their research show that supply chain integration increases performance moderated by a context variable like supply chain complexity. Chen and Paulraj (2004), Min and Mentzer (2004) also examined in their study long - term relationship, information sharing, cooperation process integration and supply chain leadership underlying the supply chain management practices. Lie et al (2005, 2006); Thatte (2007) also identified supply chain management practices in the form of strategic supplier partnership, customer relationship, and information sharing. Their research adopted the same supply chain management practices (supplier partnership, customer relationship, and information sharing).

Alvarado and Kotzab (2009) in their empirical study focused on supply chain management practices on the inter-organizational system used, core competencies, and elimination of excess in inventory through postponement. The key aspect of supply chain management practices, according to Tan et al (2002), were supply chain integration, information sharing, the customer.

Strategic partnerships with suppliers lead organization working closely and effectively with a few suppliers rather than many suppliers that have been selected on the basis of cost efficiency. Advantages of consisting suppliers early in the product-design process are that suppliers can offer cost-effective design alternative, assist in selecting better components and technologies, and aid in designing assessment (Tan et al, 2002; Thatte, 2007).

Simatupang and Sridharan (2002) identified some of the elements that comprise information sharing, consisting data acquisition, processing, storage, presentation, retrieval, and broadcasting of demand and forecast data, inventory status and location, order status, cost-related data, and

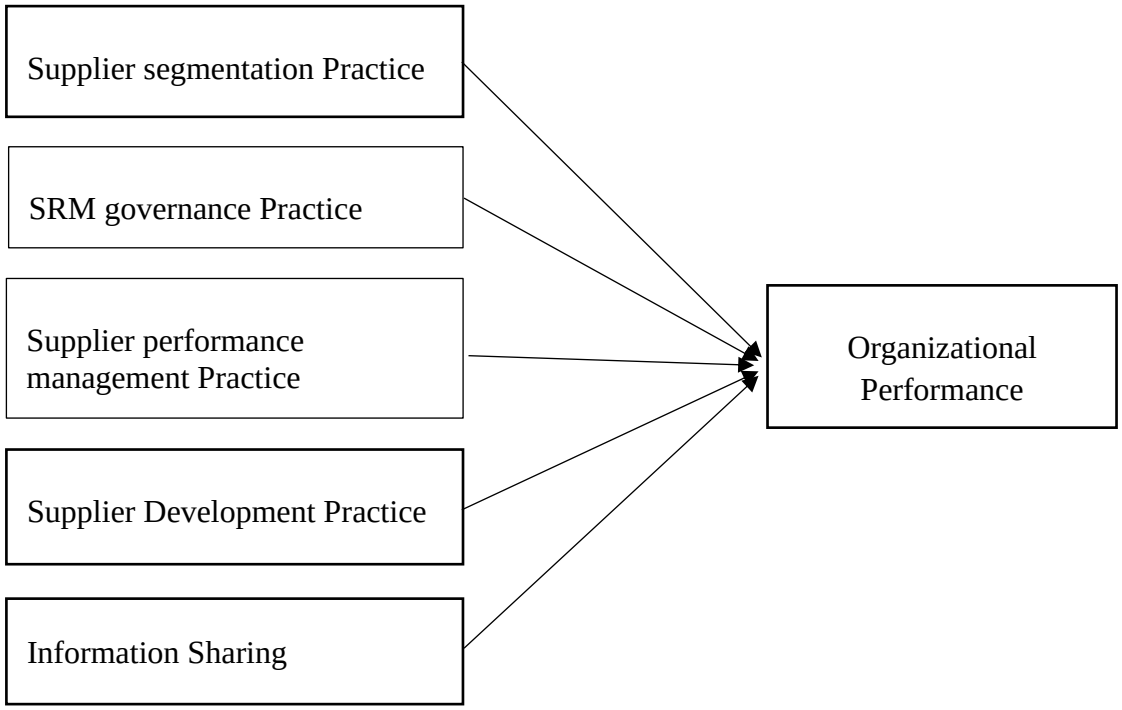
performance status. They also add that information sharing pertaining to key performance metric and process data improves the supply chain visibility thus enabling effective decision making.

According to a study by Muema (2016) supplier performance management Practice, supplier relationship management governance Practice and supplier development Practice were all significant in supplier relationship management which affects the procurement performance. The study recommends that organizations need to train their staff on the implementation of these SRM practices and adopt early supplier involvement in supply chain management for them to obtain maximum benefits. The study also recommends intensified implementation of supplier governance Practice and supplier development Practice since they had a significant relationship with organizations procurement performance.

2.3 Conceptual Framework

The conceptual framework describes the link between independent and dependent variables in the study. Organization performance was the dependent variable since its success depends on individual outcomes of SRM practices which were independent variables.

Figure 2-1: Conceptual framework developed based on an empirical review



One way arrow indicates the influence of the variables on organizational performance. Thus if there is a proper mix of supplier segmentation Practice, SRM governance Practice, Supplier performance management Practice, Supplier Development Practice and information sharing between Alle and the external stakeholders, there would be high organizational performance .

CHAPTER THREE:
RESEARCH DESIGN AND METHODOLOGY

In this chapter, the research design and methodology to be used in conducting this research is discussed. Specifically, the research design, sample size, and sampling techniques**,** source and instrument of data collection as well as the methods of data analysis that will be used are presented.

3.1 Background of the Organization

Alle Bejimla (also known as Alle or Ethiopian Trading Enterprise) is a state-owned and privately managed business enterprise which aims to supply food and other consumer goods at a competitive price from nationwide cash and carry stores. According to the government, ALLE was instituted as a homegrown, effective and comprehensive solution to curb the substantial supply challenge facing the increasingly more demanding consumers of Ethiopia, one of Africa's fastest-growing economies.

For a government that had repeatedly expressed its disappointment over the domination of the wholesale market in Ethiopia by few powerful suppliers, Alle's introduction was expected to spur more competition into the market and ultimately bring down prices.

The involvement of an international consulting firm, A.T. Kearney, based in the United States with almost 90 years of experience under its belt and a one billion dollar earning in 2013, in the establishment and launch of Alle – from strategic design up to implementation – was one of the unique features of this project. Prior to giving the task to Kearney, the government had been dealing with the officials of Wal-Mart Stores Inc., the world's largest retail firm for the management of the ETE. But this deal failed to materialize due to disagreement on some terms.

After the assessment of Kearney, Alle's establishment was initiated with a paid-up capital of 250 million Br, aiming to distribute food and other consumable items with competitive prices to retailers and entities serving consumers such as hotels and cafeterias and restaurants.

Alle was established in 2013 and became operational as of May 2014 in an effort to, supplying quality food and other FMCG at competitive prices, stabilizing food and FMCG wholesale markets in Ethiopia, and facilitating a modern trade and becoming a role model for

professional business practices. It was destined to become a commercially viable and privately managed business with the aim of protecting the market against unfair trade practices and stand to give customers a proper value for their money.

ALLE, as a business-to-business enterprise, aims to complement the current trade market environment by serving the needs of all key participants including kiosks, cafes, bars, hotels and restaurants. it is here to facilitate modern trade through the application of best-in-class practices in countrywide cash-and-carry stores at easily accessible locations. Accordingly, ALLE builds its management team by recruiting a diverse set of highly qualified local, diaspora and international talents to be based in its head office in Addis Ababa.

ALLE continuously seeks to partner with reliable local and international suppliers to provide high-quality goods across the segments of commodities, beverages, packaged foods, personal care, stationeries and other Fast-Moving Consumer Goods (FMCG). Alle also adds value to suppliers through innovation, by helping partners to develop their brands in Ethiopia. It also aims to maintain the highest standards of commitment towards the success of its partners by working closely to successfully launch, promote and establish products as a recognized brand. Partnering promises to help the business to gain unmatched access to a large consumer base for products due to its unprecedented reach to regions across Ethiopia. ALLE is increasingly becoming the obvious choice for FMCG producers as a dependable and proficient distributor

3.2 Research Design

An explanatory research design was used to establish the effect of SCM Practices on the performance of Alle Bejimla. A similar research design was used by Chege (2012) successfully. Explanatory research designed was adopted because the study was concerned with corroborate the effect of multiple variables on one dependent variable. This allowed the researcher to make inference on the organizational performance and generalize the findings to the whole organization.

3.3 Study Area And Target Population

Study Area

The study is Addis Ababa. Addis Ababa is the capital and the largest city of Ethiopia. Based on the World Population Review The city has through recent years seen a robust annual growth rate, and population counts as of 2017 are growing closer to 4 million.

Target Population

The population for this study are the members of the organization from whom the data are collected. Much of the information was composed from the internal resources of Alle Bejimla. The organization has a total of 352 employees. From the total population and 9 departments of Alle (Sourcing & purchase, Marketing and Sales, Store operation, Inventory ,Finance ,Logistics, ICT, Planning and HR), the study took only 4 departments and 60 employees. The departments are Sourcing and Purchase, planning, Finance and Sales and ICT. The general manager, procurement manager, Sales and finance head, ICT department head and other employees were included in the study as main sources of primary data. From the operational structure of the organization, these sections are responsible for the function of the entire supply chain in different degree of involvement.

3.4 Sampling Technique

The nature of the study area covers different stakeholders, for that matter, the non-probability sampling technique of convenience was applied. And in some cases, purposive sampling was used to make sure people responsible for the implementation of supply chain practices and follow up of organizational performance were included. Purposive or judgmental sampling enables you to use your judgment to select cases that will best enable you to answer your research questions and to meet your objectives. This form of sample is often used when working with very small samples such as in case study research and when you wish to select cases that are particularly informative (Neuman, 2005; Saunders, Lewis and Thornhill, 2009).

3.5 Sources of Data and Data Collection Tools

In the study, both primary and secondary data sources are utilized. Questionnaires and interviews were used to collect primary data. The general manager and other responsible members of management were considered for collection of primary data through interview and discussion.

Factors affecting the performance of the organization and the supply chain performance metrics/standards and supplier selection procedure were some of the issues covered in a discussion with the management of Alle.

Questionnaires were distributed and filled by other employees considered for the study. Secondary data was collected with the help and availability of different organizational documents (reports, research findings, and activity records), secondary data were collected from each department under consideration.

3.6 Data Measurement And Analysis

The data collected was analyzed using descriptive statistics (measures of central tendency and measures of variations) to achieve objective number one and regression analysis for objective number two. The data collected to assess the extent to which Alle has implemented strategic supplier segmentation by filling a 5-Likert scale where; 1) very great extent, 2) great extent, 3) Moderate extent, 4) small extent, and 5) Very small extent. Mean and standard deviation was then computed for the variable.

The dependent variable in the study was organizational performance. The independent variables for the study were supplier segmentation Practice, SRM governance Practice, supplier performance management Practice, supplier development Practice, and information sharing. The regression equation assumed the following form:

$$Y = \beta o + \beta 1\ X1 + \beta 2\ X2 + \beta 3\ X3 + \beta 4\ X4 + \beta 5\ X5$$

Where Y = Organizational performance

βo = Constant

x1 = Supplier Segmentation Practice

x2 = SRM governance Practice

x3 = Supplier Performance Management Practice

x4 = Supplier Development Practice

x5 = Information sharing

3.7 Reliability and Validity of Instruments

The use of a questionnaire developed by a researcher requires addressing issues of validity and reliability.

Validity: Validity in general checks if the instrument has measured what it set out to measure. According to Bolarinwa (2016), validity expresses the degree to which a measurement measures what it purports to measure. To assure validity, adopting questions from previous studies is an acceptable and encouraged practice (Blair, Czaja and Blair, 2013). Accordingly, the questionnaires used in this research were developed from the empirical research analyzed.

Reliability: reliability, on the other hand, is concerned in the instrument's ability to produce a consistent outcome in measurement. According to Polit and Hungler (1999) reliability refers to the degree of consistency with which the instrument measures an attribute. One way of assuring the reliability of the instrument is using Cronbach's Alpha. The Cronbach's Alpha calculated for the instrument was 0.802 indicating the reliability of the instrument used hence further analysis is possible. Johnson and Christensen (2010) suggest that the coefficient of alpha should be at minimum 0.70 or more indicating excellent reliability for the instrument used in this research.

Further the Cronbach Alpha of the instrument for each item was also done. The result is displayed in the following table.

Table 3-1: Test of Reliability

Factors	Reliability Statistics	
	Cronbach's Alpha	No of Items
Cumulative	0.802	37
Supplier Segmentation Practice	0.891	7
SRM governance Practice	0.760	5
Supplier Performance Management Practice	0.873	8
Supplier Development Practice	0.721	5
Information Sharing and Use of Technology	0.755	6
Organisational Performance	0.811	6

Source: Calculated from survey data

3.6. Ethical Considerations

Cooper and Schindler (2014) identify confidentiality and non-disclosure as some of the ethical considerations to keep in mind while doing research. Accordingly, during data collection care was taken not to unnecessarily identify participants. Further, during the analysis and interpretation, only data from the questionnaires and interview of respondents were used and care was taken not to reflect the researchers' personal opinion.

CHAPTER FOUR:
DATA ANALYSIS AND DISCUSSION

This chapter presents data analysis and discusses the findings. The first section presents the demographic characteristics of the participants followed by the descriptive analysis of each of the supply chain management practices. The organizational performance followed by the effect of supply chain activities on organization performance is presented in the form of a model.

4.1. *Demographic Characterization*

The survey instrument included four background questions to characterize the survey participants profile. The questions include gender, a the department within the organization, level of education and year of experience with Alle. Table 1 below summarizes the participant's profile.

Table 4-1: Participant's Demographic Profile

S. No.	Variables		Frequency	Percent
1	**Gender**	Male	36	60.0%
		Female	24	40.0%
2	**Department**	Planning	12	20.0%
		Sourcing	25	41.7%
		Finance	10	16.7%
		Sales	13	21.7%
3	**Education**	Diploma	25	41.7%
		BA/Bsc Degree	30	50.0%
		MA	5	8.3%
		Above	0	0.0%
4	**Year of experience with Alle**	Below 3	27	45.0%
		3 – 5	23	38.3%
		6 – 10	10	16.7%
		Above 10	0	0.0%
		Total	**60**	**100.0**

Source: Own Survey (2020)

Gender distribution of participants between Male and Female was at 36 (60.0%) and 24(40.0%). Regarding the participant's distribution in terms of their departments, the majority of the participants were from sourcing (procurement) with 25 (41.7%) followed by sales 13(21.7%). Those from the finance department and planning were close third and fourth with 12(20.0%) and 10(16.7%) respectively. In terms of education level, a significant majority of the participants had BA/Bsc Degree 30 (50.0%) closely followed by those with a Diploma 25 (41.7%). There were only a few participants with an MA 5 (8.3%) while there were no participants in the survey with an educational level above an MA. Looking at the experience of the participants with Alle, those with experience below three years were the majority with 27(45.0%). Those with experience between three to five were not too far off with 23(38.3%) while those who stayed with Alle between six to ten years were only 10(16.7%). Owing to Alle's recent establishment, there were no employees with more than ten years of experience.

4.2. Supply Chain Management Practices

The study intended to look at the impact of supply chain practices on organizational performance at Alle Bejimla. The findings of the data are presented below:

4.2.1. Supplier Segmentation Practice

Supplier segmentation involves differentiating suppliers into groups, preparing supplier segmentation groups, appraising the groups, detecting prospects with suppliers as well as developing service level agreements. The data collected to assess the extent to which Alle has implemented strategic supplier segmentation by filling a 5-Likert scale where; 1) very great extent, 2) great extent, 3) Moderate extent, 4) small extent, and 5) Very small extent. Mean and standard deviation was then computed for the variable.

Table 4-2: Supplier Segmentation Practice

S.No.	Items	Mean	Sd
1	The organization use criteria in categorizing suppliers	2.08	0.926
2	The organization ranks supplier relationships by expenditure criteria	1.93	0.899
3	The organization ranks supplier relationships by the importance of business	1.80	0.777
4	The organization allocates resources and efforts on strategic suppliers.	1.42	0.497
5	The organization has transactional suppliers for basic supplies and continuing basis	1.80	0.684
6	The organization has collaborative suppliers who are highly noticeable and are used regularly	2.02	0.748
7	The organization has partner suppliers who have influence over the overall sustainability	2.67	1.052
	Overall mean	**1.96**	

Of the seven items included, only one had a mean rating closer to as being practiced to a very great extent was 'the organization allocate resources and efforts on strategic suppliers' (mean 1.42 and sd < 0.5). The other five items, the organization has segmented suppliers, supplier relationships are based on critically of business and expenditure criteria, the organization has transactional suppliers for basic supplies and continuing basis, as well as the organization, has collaborative suppliers who are highly noticeable and are used regularly were all rated as being practiced to a great extent (mean about 2 and sd<1). Partner suppliers influence sustainability had a moderately practiced rating with mean 2.67 and sd=1.052. This shows that ALLE has implemented a supplier segmentation Practice.

Other authors such as Behrendt (2008) indicated that supplier segmentation practices are at the core of successful companies like Ford. In light of this, Although, ALLE has implemented supplier segmentation Practice, the mixed rating to the elements of supplier segmentation that shows that ALLE can improve a lot and can improve a lot and maximize the benefits of the Practice.

4.2.2. SRM governance Practice

As today's unified supply chains require partnership at many levels and from various functions, managers are progressively looking for advanced ways to leverage existing and new supplier relationships for their expansionary pursuit. Supplier Relationship governance Practice is one approach to connect the different interests within the firm and the supply network.

The researcher requested the respondents to indicate the extent to which their firm has implemented strategic SRM governance Practice by filling a 5-Likert scale where; 1=very great extent, 2=great extent, 3=moderate extent, 4=small extent, 5=very small extent. Mean and standard deviation was then computed for the variable.

Table 2-3: SRM governance Practice

S.No.	Items	Mean	Sd
1	The organization has internal control processes and assigned ownership of supplier relationship	3.30	0.591
2	The organization has supplier governance committees	3.22	0.783
3	The organization supplier governance committees spend time mentoring and working with suppliers.	4.12	0.783
4	The organization supplier committees evaluate elements like cost and quality to determine the best value.	3.28	0.885
5	The organization supplier committees are engaged in developing suppliers.	3.53	0.947
	Overall mean	**3.49**	

The study findings indicated that out of the five items included, four of the items namely; the organization has internal control processes on supplier relationships (mean =3.30 and sd=0.591), the organization has supplier governance committees (mean =3.22 and sd=0.783), the organization

supplier committees evaluate elements like cost and quality to determine best value (mean =3.28 and sd=0.885) and the organization supplier committees are engaged in developing suppliers (mean=3.53 and sd=0.947) are moderately implemented at Alle. the data also showed the fifth item 'the organization supplier governance committees spend time mentoring and working with suppliers' was implemented to a small extent indicated by a mean of 4.12 and sd of 0.783.

This indicates that ALLE although elements of the governance Practice are in place, they are not fully implemented. This is contrary to the findings of Anderson (2002) who established that supplier control processes are essential to revealing value in supplier relationships. A precondition to this is the configuration within the organization, the arrangement of internal governance processes and visibly apportioned ownerships of supplier relationships (Shin, Collier & Wilson, 2000).

4.2.3. Supplier Performance Management Practice

Supplier Performance Management (SPM) is a procurement practice for measuring, analyzing, and managing the suppliers' performance in cutting costs, mitigating risks, and driving development. The extent of implementation was also assessed for strategic supplier performance management by filling a 5-Likert scale where; 1=very great extent, 2=great extent, 3=moderate extent, 4=small extent, 5=very small extent. Mean and standard deviation was then computed for the variable.

The data showed that three of the items 'the organization measures supplier performance' (mean =2.17 and sd=0.806), 'the organization gathers information on the lead-times' (mean =2.30 and sd=0.720) and 'the organization collects information about pricing and contract compliance' (2.05 and sd=0.96) were implemented to a greater extent at ALLE. On the other hand, means closer to three (mean = 3.0 with sd<1) indicated that focuses on lower-tier suppliers, gathers information about the quality standards, performance monitoring of suppliers are moderately practiced at ALLE. Focuses on strategic suppliers that constitute the 80% of expenditure with mean=3.55 and sd=0.832 as well as 'uses information obtained from management information systems' with mean=3.90 and sd=0.752 were seen to be implemented only at a small extent.

Table 4-4: Supplier Performance Management Practice

S. No.	Items	Mean	Sd
1	The organization uses information obtained from management information systems within the organization	3.90	0.752
2	The organization focuses on strategic suppliers that constitute 80% of expenditure	3.55	0.832
3	The organization does performance monitoring of suppliers	3.10	0.796
4	The organization focuses on lower-tier suppliers	3.08	0.889
5	The organization gathers information about the quality standards	2.97	0.974
6	The organization gathers information on the lead-times	2.30	0.720
7	The organization measures supplier performance	2.17	0.806
8	The organization collects information about pricing and contract compliance	2.05	0.946
	Overall mean	**2.89**	

This indicates that many of the elements of supplier performance management Practice at ALLE are being implemented at a moderate to a small extent. This does not agree with the recommendation of Tan, Kannan & Handfield (1998) who argued that measurement of supplier performance is critical in procurement. Focusing on strategic suppliers that form 80% of the expenditure enables firms to manage those performance issues with the fast and highest impact on its operations (Lambert, Emmelhainz and Gardner, 1996).

4.2.4. Supplier Development Practice

The competitive advantage such as lower costs, enhanced quality, on-time delivery, technological innovation in procurement can be achieved through partner suppliers. Globalization of business has pushed firms to have on board proficient supply base that supports global initiatives into new markets and businesses and minimize costs in the supply chain.

Respondents were requested to indicate their level of agreement with the statements related to the extent to which ALLE has implemented strategic supplier development Practice by filling a 5-Likert scale where; 1=very great extent, 2=great extent, 3=moderate extent, 4=small extent, 5=very small extent. Mean and standard deviation was computed for the variable.

Table 4-5: Supplier Development Practice

S.No.	Items	Mean	Sd
4.1	The organization shares procurement plans between the two entities.	4.23	0.981
4.2	The organization shares long term initiatives with suppliers	4.02	1.066
4.3	The organization pays attention to the interdependence of its supply Chains	3.97	0.802
4.4	The organization views knowledge management as important in supplier development	3.85	0.954
4.5	The organization maintains a database of supplier contracts	3.03	0.946
	Overall mean	**3.82**	

The data showed that almost all supplier development Practice items were implemented from moderate to small extent. Four of the items; shares procurement plans between the two entities (mean = 4.23 and sd=0.981), shares long term initiatives (mean = 4.02 and sd=1.066), views knowledge management as important in supplier development(mean = 3.85 and sd=0.954), as well as pays attention to the interdependence of its supply Chains (mean = 3.97 and sd=0.802) were implemented only a small extent. Maintains a database of supplier contracts was the only item that was practiced moderately as showed by a mean of 3.03 and sd=0.954.

This shows that Alle maintaining a database of suppliers at a better standing than the other supplier development strategies. This is, however, is not in line with other studies such as Zimmermann, et al (2015) who noted that supplier development is a cornerstone component of SRM. Once in place, it represents a springboard to additional value creation activities that can be undertaken with strategic suppliers. This involves the sharing of plans between the two entities and defining long term initiatives (Harland, 1996).

4.2.5. Information Sharing and Use of Technology

Supplier information sharing is one of the elements of the supply chain that leads to better performance in the supply chain both in terms of cost and quality of service. And in the current state of technology and the use of technology, the use of technology in information sharing between supply partners is expected. In this regard, respondents were requested to indicate their level of information sharing with partner suppliers practiced at ALLE, their response was gathered by a 5-Likert scale where; 1=very great extent, 2=great extent, 3=moderate extent, 4=small extent, 5=very small extent. Mean and standard deviation was computed for the variable.

The result showed a stark divide between what is expected at Alle and the current status. Respondents indicated that they agree to the great extent (mean = 2.08 and sd = 0.720) that the lack of technical knowledge and resource inhibit technological adoption while at the same time they have indicated that they believed (mean = 2.12 and sd = 0.976) integration of technology into their business operation could facilitate their processes. In contrast, however, the respondents indicated that they agree from a small to a very small extent to the use of technology as well as the existence of information sharing. Better information exchange between the suppliers (mean = 4.37 and sd = 0.637), adoption of IT facilitated information (mean = 4.40 and sd = 0.494), organization have sufficient resources to monitor the process of supply chain (mean = 4.42 and sd = 0.591) as well as the level of technological advancement at Alle (mean = 2.12 and sd = 0.976) all indicated a poor level of practice in the use of technology and information sharing with supply partners.

Table 4-6: Use of technology and information sharing

S.No.	Items	Mean	Sd
1	Integration of technology into business operation facilitates opportunities for the organization faster process	2.12	0.976
2	To what extent does a lack of technical knowledge and resource inhibit technological adoption?	2.08	0.720
3	Is there better information exchange between the suppliers and the organization?	4.37	0.637
4	How do you rate the level of technological advancement in your organization?	4.20	0.755
5	Adoption of IT facilitated information flow within the departments and improved quality of information sharing	4.40	0.494
6	The organization have sufficient resources to monitor the process of supply chain	4.42	0.591
	Overall mean	**3.60**	

Danielsen, Le, and Engelseth, 2017 and Cheng, et al (2016) in their empirical studies have indicated the importance of information sharing and the role of technology in facilitating communication. The finding at Alle in contrast to other findings show that Alle has a long way to go before it practices ideal information sharing with supply partners and the use of technology.

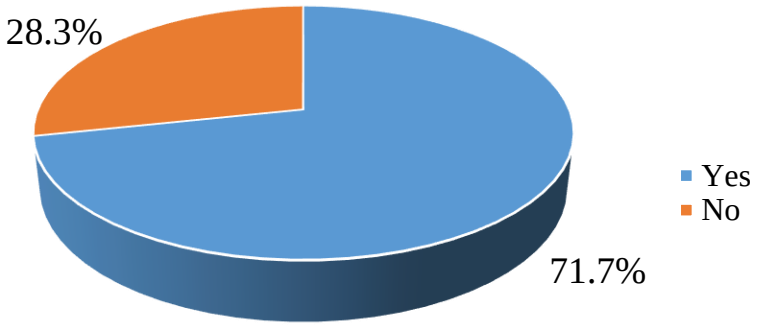
4.3.Extent of the adoption of Supply chain management

Different organizations adopt different supply chain management practices depending on the activities that they are engaged in and also which supply chain practice will yield better competitiveness to the firm. These companies set up their processes based on knowledge among other things supplier segmentation strategy, SRM governance strategy, supplier performance management strategy, supplier development strategy, and information sharing. This section sought to establish whether the firms under consideration had put in place supply chain practices and also whether they appreciate the effect that the supply chain had on the performance of the organization.

4.3.1. Adoption of the supply chain management practices

On the question of whether the companies surveyed practice any form of supply chain, 71.7% of the firms answered in affirmative while 28.3% seem not to appreciate the effect of supply chain management practices on the organization's performance. The results are presented in figure 2 below.

Figure 4-1: Adaption of Supply Chain Management Practices



The results showed that majority of the participants believe that Alle has adopted different forms of supply chain practices on the recognition that the same will have a positive impact on their performance.

4.4. Effect of Supply Chain Management Practices on Organizational Performance

The questions sought to establish from the respondents the various benefits accruing to the firm as a result of adopting various supply chain management practices in their distribution channel/s. The results are presented in table 7.

Table 4-7: Effect of Supply Chain Practices on Organizational Performance

S. No.	Items	Mean	Sd
1	Market share growth	4.12	0.585
2	Total cost reduction	4.08	0.809
3	Sale growth	4.30	0.671
4	Financial liquidity	4.38	0.715
5	The reduction of response time for product volume changes	2.27	0.634
6	The accuracy of order processing for customers	2.12	0.640
	Overall mean	**3.54**	

The results presented in Table 6 was that supply chain management practices adopted by Alle had affected the non-financial performances, particularly reduction of response time for product volume changes (mean = 2.27 and sd=0.634) and accuracy of order processing for customers (mean=2.12 and sd=0.640) to a great extent. On the other hand, the supply chain management practices adopted by Alle had not managed to affect the financial performance as can be seen with mean >4 and sd<0.8.

Li et al (2004) have also indicated that higher levels of SCM practice can lead to enhanced competitive advantage and improved organizational performance. Similar to such findings, the respondents at Alle also believe that SCM practices can bring improved organizational performance.

4.5. The Effect of Supply Chain Practices on the Organization's Performance

The statistical tests intended to determine the significance of relationship between the variables. This test includes: correlation test and regression test (predictions). Before performing prediction of organizational performance impacted from the driving supply chain practices which are assumed to have a relation and influence, it must be known in advance the relation between variables that occur.

Table 4-8: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	F Statistic
1	.503[a]	.253	.183	.29460	3.650

Table 4-9: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.489	5	.098	3.650	.000[b]
	Residual	3.439	54	.064		
	Total	3.928	59			

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), IS, SDPractice, SPMPractice, SRMPractice, SS_Practice

The standard multiple regression analysis conducted to evaluate how well the supply chain practices predicted organizational perfoamance. The linear combination of organizational performance and supply chain practices was significant, F ((5,54) = 3.650, p < .001). R^2, also called the coefficient of determination, is the percentage of the variance in the dependent variable explained uniquely or jointly by the independent variables and is 25.3%. This means that 25.3 % of the changes in the firm's supply chain activities are explained by the changes in the independent variables in the model. The remaining 74.7% of the changes in the Y is explained by other factors, not in the model. The low coefficient of determination suggests the position that Alle's supply chain management activities are having a low effect on organizational performance.

Table 4-10: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	X (Constant)	3.564	.951		3.747	.000
	Supplier Segmentation Practice	-.069	.150	-.065	-.456	.650
	SRM governance Practice	.132	.115	.153	1.142	.258
	X_1 = Supplier Performance Management Practice	.417	.147	.345	2.837	.006
	Supplier Development Practice	-.089	.081	-.134	-1.090	.280
	X_2 = Information sharing	-.337	.147	-.289	-2.293	.026
a. Dependent Variable: Organizational Performance						

The effect of supply chain practices on the firm's performance was investigated from the results of the respondents using regression analysis. The previous five elements of supply chain practice presented above, supplier segmentation Practice, SRM governance Practice, supplier performance management Practice, supplier development Practice, as well as information sharing with partners, were used as an independent variable to predict the level of organizational performance. Table 8 shows the result of the regression analysis.

As can be seen in Table 8 above, only two of the variables (supplier performance management Practice and information sharing) are found to be statistically significant in estimating the level of organizational performance. The resulting model is presented below:

$$\mathbf{Y = 3.564 + 0.417\ X_1 - 0.337\ X_2}$$

The intercept of the vertical axis has a value (3.564) and this means that the point where the independent variable is zero, organizational performance will be positive. Only two of the dependent variables, supplier performance management Practice, and information sharing were

found to be statistically significant at ά. = 5%, and implies that based on the participant's response only the two variables are responsible to the changes in the dependent variable.

As per the respondents rating of elements of supply chain practices at Alle and its effect on organizational performance, it was only two of the variables supplier performance management Practice and information sharing were able to statistically predict. This indicates that participants do not associate most of the elements of the supply chain practice with organizational performance. This is further complemented by the low R^2 in the model which indicates a low ability of the variables to affect organizational performance.

4.6. TEST OF REGRESSION ASSUMPTIONS

Lastly, test of basic assumptions in multiple regression was done. Test of non-linearity was done using a scatter plot of the standardized predicted value with the standardized residuals. From the Loess curve, it appears that the relationship of standardized predicted to residuals is roughly linear around zero. Therefore, it was concluded that the relationship between the response variable and predictors is zero since the residuals seem to be randomly scattered around zero. Similarly, the scatter plot was also used to test the homogeneity of variance which showed the trend is centered around zero but also that the variance around zero is scattered uniformly and randomly. We conclude that the linearity assumption is satisfied and the heteroscedasticity assumption was satisfied.

Multicollinearity effect in the multiple linear regression model was also checked. The detailed coefficients table (shows that Tolerance value for all predictors was > 0.1 and VIF< 10. Lastly, normality of residuals was checked using a normal P-P plot. The plot shows that the points generally follow the normal (diagonal) line with no strong deviations. This indicates that the residuals are normally distributed. Accordingly, it can be concluded that the regression model developed satisfies the basic assumption in regression.

Figure 4-2

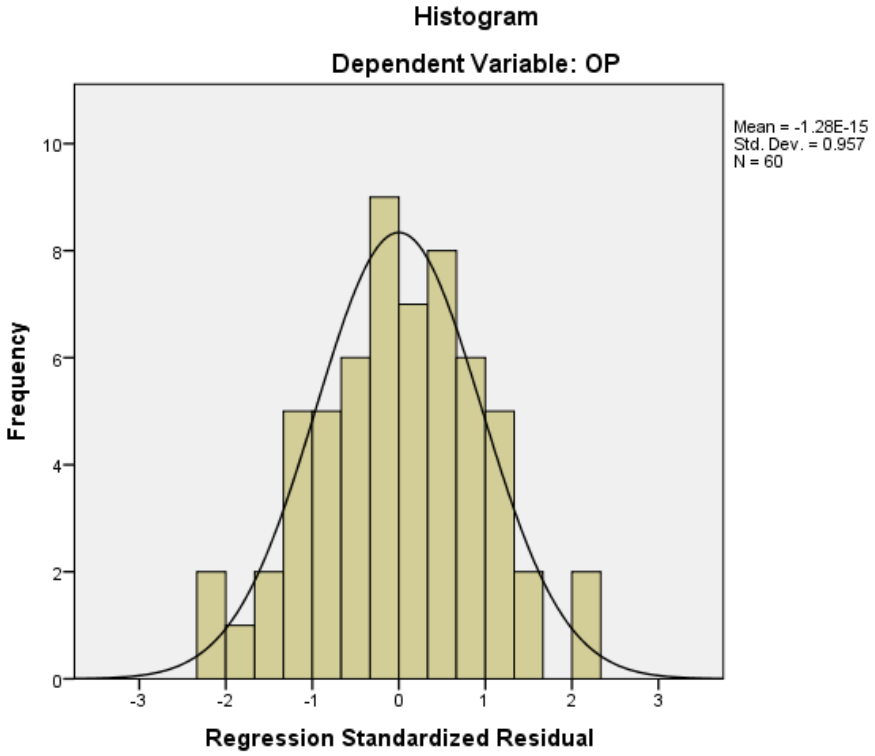


Figure 4-3

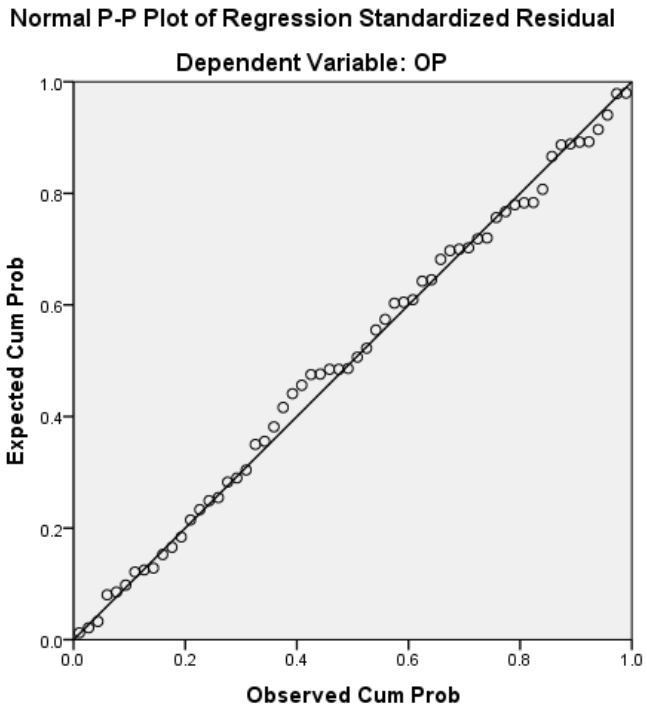
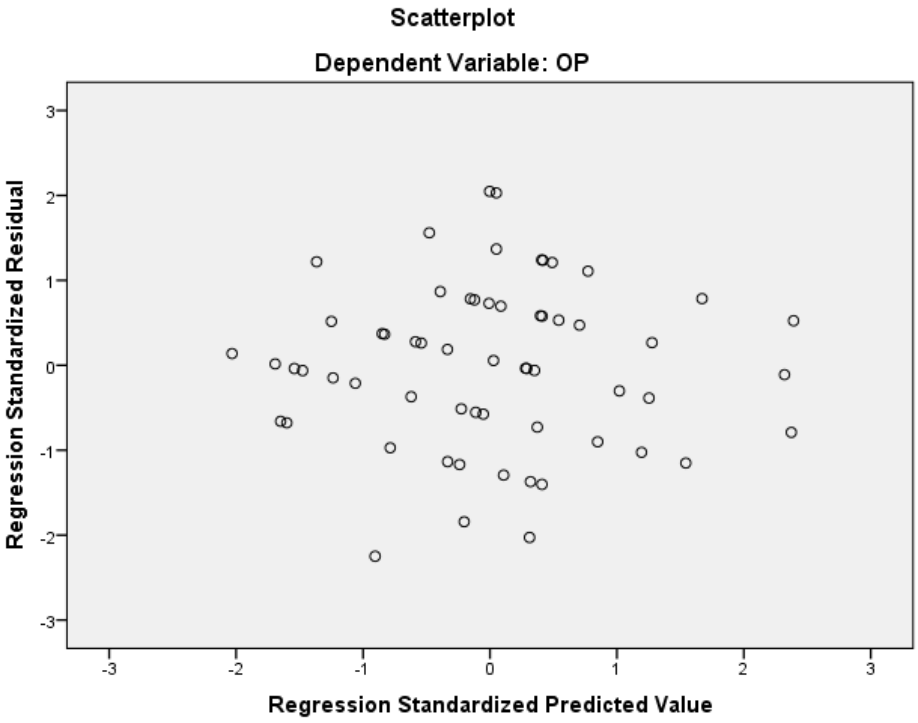


Figure 4-4



Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	3.564	.951		3.747	.000		
	SS_Practice	-.069	.150	-.065	-.456	.650	.690	1.449
	SRMPractice	.132	.115	.153	1.142	.258	.767	1.304
	SPMPractice	.417	.147	.345	2.837	.006	.937	1.067
	SDPractice	-.089	.081	-.134	-1.090	.280	.909	1.100
	IS	-.337	.147	-.289	-2.293	.026	.870	1.150

a. Dependent Variable: OP

CHAPTER FIVE

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1.Findings

Based on the analysis presented and the discussions made, the following are some of the major conclusions:

- The findings indicated that the majority (71.7%) of participants believe that there are different forms of supplier chain practices. It can be concluded that different supply chain activities are practicesd at Alle.
- The study evidences that segmetation of suppliers, mean rating of 1.96. Which suggests that it is the most practiced among the independent variables.
- On the other hand, is only practiced at a limited extent. This SRM governance Practice was indicated in the overall mean of 3.49..
- Elements of the supplier performance management Practice also was given a moderate mean suggesting only a moderate practice.
- The overall mean given by the survey participants also showed that supplier development practices are only practiced at a small extent.
- Regarding information sharing, respondents indicated that integration of technology into their business operation could facilitate their processes (mean = 2.12) while on the other hand they only agree from a small to a very small extent to the use of technology as well as the existence of information sharing (mean = 4.34).
- The regression model developed to see the impact of supply chain practices on organizational performance indicated that only two (supplier performance management Practice and information sharing) of the variables significantly predicted the dependent variable. The R^2 was also very small suggesting that the independent variables were thought to be very weak in predicting organizational performance.

5.2.Conclusion

Based on the findings above findings, it seems that Alle is only practicing few of the elements of supply chain practices to a great extent.

- supplier segmentation is practiced to a higher extent relative to the other driving factors.
- Alle might see fit to improve on its governance of its SRM with its supplier partners.
- Supplier performance Practice might also be an area be another area that needs an improvement.
- Regarding information sharing, the result showed a stark divide between what is expected at Alle and the current status.
- As per the regression model, R^2 was also very small suggesting that the independent variables were thought to be very weak in predicting organizational performance. This should, however, be interpreted carefully. With empirical evidence in other areas by other authors showing a strong relationship between supply chain practices and organizational performance, the finding at Alle suggest that the supply chain practices are very weak and are not considered a strong determinant of organizational performance.

5.3. Recommendation

There is, therefore, a preference for Alle to adopt a holistic approach where it identifies all the necessary supply chain practices that will affect its performance and from the same implement them. Hence, some of the specific recommendations are forwarded below:

- As the implementation of supply chain management practices starts with an efficient segmentation of supplers, Alle could should start with an impliementation of a strong supplier segmentation that will simplify the subsequent impliementatino of collaborative strategies.
- Alle, instead of working on an ad hoc basis with suppliers even with those considered partners, had better manage and govern its its relationship with clear intent. Alle could also set-up a clear responsibility within the organisation that will be responsible to the governance of SRM Practice.

- The intent of developing supplier partners is to assure the delivery of a certain objective, hence, a performance management Practice is likely to make sure Alle and its supplier partners benefit from the partnership.
- Alle can also engage more on the development of suppliers that will relive current challenges it is facing with suppliers.
- Alle can greatly benefit from supplier information sharing which could allow its supply partners to better performe both in terms of cost and quality of service. Alle may well take advantage of current state of technology and use it for collaboration and information sharing with its supply partners.
- Further, detailed research using secondary data and a broader scope, as well as detail, be conducted to see each of the factors in detail as well as in synchronization with each other. Further research should also be conducted to look at this issue from supply partners as well as customers of Alle.

5.4.Suggestion for Future Research

For further research it would be an interesting approach to investigate how the research could be conducted in different regions of the country where ALLE has to ensure that the found challenges match the branch and its characteristics. Additionally, it would be fascinating to know, for example, how other companies see these challenges and how the differences influ- ence impact organizational. To further extend the reliability it would also be helpful to conduct a quantitative study to verify the results by using a larger survey group. This way the relevance and ranking of the analyzed problems and challenges can be further improved. Other necessary objects of research that are not directly connected to this study are guide- lines or models for supply chain practices identified and how the independent variables are measured.

The findings of this thesis can therefore be used as the basis of further research by offering a list of practices and challenges which need to be kept in mind for a successful supply chain performance measurement. By conducting the research requests, the use of supply chain performance measurement systems as well as supply chain practices can be further improved for the future.

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APPENDICES

APPENDIX I: INTRODUCTORY LETTER

Dear Sir/Madam,

RE: VOLUNTARY PARTICIPATION IN DATA COLLECTION

My name is Anin Lukman, a postgraduate student from Jimma University, School of business. I am conducting a study on the supply chain Practices and its impact on Performance of Alle Bejimla. Your feedback and views on the mentioned will help in compiling my research. The data collected is for research purposes only and it takes the form of a survey which should take no more than 30 minutes of your time. All responses received are anonymous and information collected will not be distributed to any other party.

Thank you for taking the time to complete this survey.

Yours Sincerely,
Anin Lukman

APPENDIX II: QUESTIONNAIRE

Data Collection Questionnaire

The researcher seeks to answer the effects of Supply Chain Practices on the organizational performance in the State-Owned organization, Alle Bejimla. To achieve this, relevant questions have been provided to gather data for analysis. Kindly spare some time to provide the information as accurately as possible. Any information supplied will be strictly confidential and will be used for academic purposes only.

PART A: BACKGROUND OF THE RESPONDENT

1 Name of the Department

……

2 Please indicate your Gender (tick as appropriate)

Male [ ] Female [ ]

3 Highest educational level obtained:

☐ Diploma ☐ MA
☐ BA/BSC Degree ☐ PhD

4 Number of Years employed in the organization

.

☐ Less than 3 years ☐ 3 to 5 years ☐ 6 to 10 years

PART B: ORGANIZATIONAL PERFORMANCE

1. Does ALLE practice supply chain management in recognition of its effect on organizational performance?

   Yes ☐ No ☐

2. The statements below describe the extent of supply chain management practices on organizational performance. Please indicate the extent to which the supply chain management practices adopted by your organization have influenced performance:

   Key:

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

	Indicators	**1**	**2**	**3**	**4**	**5**
1	Return on Investment					
2	Market share growth					
3	Total cost reduction					
4	Sale growth					
5	Financial liquidity					
6	The reduction of response time for product volume changes					
7	The accuracy of order processing for customers					

PART C. SUPPLY CHAIN MANAGEMENT STRATEGIES

Below are some of the supply chain management practices that can be employed by a firm. Please tick appropriately the extent to which ALLE has been practicing the following supply chain management practices and the degree to which it has affected the organizational performance.

Key:

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

1.	Supplier Segmentation Practice	1	2	3	4	5
1.1	The organization use a criterion in categorizing suppliers					
1.2	The organization ranks supplier relationships by expenditure criteria					
1.3	The organization ranks supplier relationships by the importance of business					
1.4	The organization allocates resources and efforts on strategic suppliers.					
1.5	The organization has transactional suppliers for basic supplies and continuing basis					
1.6	The organization has collaborative suppliers who are highly noticeable and are used regularly					
1.7	The organization has partner suppliers who have influence over the overall sustainability					

2.	SRM governance Practice	1	2	3	4	5
2.1	The organization has internal control processes and assigned ownership of supplier relationship					
2.2	The organization has supplier governance committees					
2.3	The organization supplier governance committees spend time mentoring and working with suppliers.					
2.4	The organization supplier committees evaluate elements like cost and quality to determine the best value.					
2.5	The organization supplier committees are engaged in developing suppliers.					

3	SUPPLIER PERFORMANCE MANAGEMENT PRACTICE	1	2	3	4	5
3.1	The organization measures supplier performance					
3.2	The organization focuses on strategic suppliers that constitute 80% of expenditure					
3.3	The organization focuses on lower-tier suppliers					
3.4	The organization gathers information on the lead-times					
3.5	The organization gathers information about the quality standards					
3.6	The organization collects information about pricing and contract compliance					
3.7	The organization uses information obtained from management information systems within the organization					
3.8	The organization does performance monitoring of suppliers					

4	SUPPLIER DEVELOPMENT PRACTICE	1	2	3	4	5
4.1	The organization shares procurement plans with suppliers					
4.2	The organization shares long term initiatives with suppliers					
4.3	The organization views knowledge management as important in supplier development					
4.4	The organization maintains a database of supplier contracts					
4.5	The organization pays attention to the interdependence of its supply Chains					

5	INFORMATION SHARING	1	2	3	4	5
5.1	Integration of technology into business operation facilitates opportunities for the organization faster process					
5.2	To what extent does a lack of technical knowledge and resource inhibit technological adoption?					
5.3	Is there better information exchange between the suppliers and the organization?					
5.4	How do you rate the level of technological advancement in your organization?					
5.5	Adoption of IT facilitated information flow within the departments and improved quality of information sharing					
5.6	The organization have sufficient resources to monitor the process of supply chain					