EFFECT OF VALUE CHAIN MANAGEMENT PRACTICES ON PEFORMANCE OF MEDIUM AND LARGE SCALE RETAIL OUTLETS IN NAKURU COUNTY, KENYA

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EGERTON UNIVERSITY

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DECLARATION AND RECOMMENDATION

Declaration

I declare that this research project is my original work and has not been submitted for examination in this or any other institution.

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Recommendation

This research project has been submitted for examination with my approval as the University Supervisor.

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DEDICATION

I dedicate this work to my mother, Mariam Wangui, who despite her advanced age has tirelessly encouraged me in my quest for higher education; and my friend Chrispine who has always given me continuous motivation and support in the development of this research project.

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ABSTRACT

The Kenyan retail outlets sector operates in a dynamic environment faced with intense competition. This calls for organizations to employ an efficient and effective value chain and this is achieved through coordinating operations in a manner that ensures the involved companies are able to create more consumer satisfaction than their competitors. However, past empirical studies have not focused on the effect of value chain management practices and organizational performance, particularly in retail outlet sector. The overall objective of this study was to determine the effect of value chain management practices on performance of medium and large scale retail outlets in Nakuru County. The specific objectives of the study were to: determine the effect of firm's supplier relationship on performance, determine the effect of internal value chain activities on performance, determine the effect of customer relationship on performance and establish the joint effect of firm supplier relationship, internal value chain activities and customer relationship on organizational performance. The study was based on the resource-based view theory. The study employed explanatory research design. The population of the study was 43 medium and large scale retail outlets. Census study was carried out among 43 medium and large scale retail outlets in Nakuru County. Primary data was collected using close- ended questionnaires**.** The questionnaires were administered through drop and pick method**.** Data collected was summarized using descriptive statistics such as percentages, means and standard deviations. To examine the relationship between value chain management practices and organizational performance, Pearson's correlation analysis was used. To examine the effect of value chain management practices on organizational performance, multiple regression analysis was used. The results revealed a positive significant relationship between supplier relationship and organizational performance. The findings also revealed a higher positive significant relationship between internal value chain activities and organizational performance. The results also revealed a positive significant relationship between customer relationship and organizational performance. Further, the results demonstrated that the joint effect of supplier relationship, internal value chain activities, and customer relationship explained a greater variance in organizational performance, than the variance explained by internal value chain activities alone. The study recommended that while internal value chain activities need to be the key vision of value chain management practices in firms, all value chain management practices dimensions should be combined for a greater increase in organizational performance. There is also need to cover other factors (scale, capacity utilization, vertical integration, learning, policy decisions and government regulations) related to value chain management practices that can impact on organizational performance to a larger extent since the factors used in this study explained 77.7% of the increase in performance. To minimize the effect of single respondent bias, future research can use multiple respondents including executive officers and middle managers.

TABLE OF CONTENTS

DECLARATION AND RECOMMENDATION ii
COPYRIGHT iii
DEDICATION iv
ACKNOWLEDGEMENT v
LIST OF TABLES x
LIST OF FIGURES xi
ABBREVIATIONS AND ACRONYMS xii
CHAPTER ONE 1
INTRODUCTION 1
1.1 Background of the Study 1
1.1.1 Value Chain Management Practices 3
1.1.2 Organizational Performance 4
1.1.3 Retail Sector in Kenya 6
1.2 Statement of the Problem 8
1.3 Objectives of the Study 9
1.4 Research Hypotheses 9
1.5 Significance of the Study 9
1.6 Scope and Limitations of the Study 10
1.7 Operational Definition of Terms 11
CHAPTER TWO 12
LITERATURE REVIEW 12
2.1 Introduction 12
2.2 Theoretical Perspective 12
2.3 Value Chain Management Practices 15
2.3.1 Supplier Relationship Management 17
2.3.2 Internal Value Chain Activities 19
2.3.3 Customer Relationship Management 20
2.4 Organizational Performance 22
2.5 Value Chain Management Practices and Organizational Performance 26
2.5.1 Supplier Relationship Management and Organizational Performance 27
2.5.2 Internal Value Chain Activities and Organizational Performance 30
2.5.3 Customer Relationship Management and Organizational Performance 33

2.6 Summary of the Literature Review and Knowledge Gaps 36
2.7 Conceptual Framework 38
CHAPTER THREE 41
RESEARCH METHODOLOGY 41
3.1 Introduction 41
3.2 Research Design 41
3.3 Target Population 41
3.4 Data Collection 41
3.5 Measurement of Variables 42
3.6 Validity and Reliability of Research Instrument 42
    3.6.1 Validity 42
    3.6.2 Reliability 42
3.7 Data Analysis 43
CHAPTER FOUR 45
RESULTS AND DISCUSSION 45
4.1 Introduction 45
4.2 Descriptive Statistics 45
    4.2.1 Response Rate 45
    4.2.2 Profile of Organization 45
    4.2.3. Supplier Relationship Management 47
    4.2.4 Internal Value Chain Activities 48
    4.2.5 Customer Relationship Management 49
    4.2.6 Organizational Performance 50
4.3 Correlation Analysis 51
4.4 Test of Hypotheses 52
4.4.1 Supplier Relationship Management and Organizational Performance 52
    4.4.2 Internal Value Chain Activities and Organizational Performance 53
    4.4.3 Customer Relationship Management and Organizational Performance 55
4.5 Supplier Relationship Management, Internal Value Chain Activities, Customer Relationship Management and Organizational Performance 56
CHAPTER FIVE 59
SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS 59
5.1 Introduction 59
5.2 Summary of Findings 59

5.3 Conclusion 60
5.4 Recommendations of the Study 61
5.4.1 Recommendations for Management Policy and Practice 61
5.4.2 Recommendations for Further Research 62
REFERENCES 63
APPENDICES 73
Appendix I : Questionnaire 73
Appendix II: Medium and Large Scale Retail Outlets in Nakuru County 76

LIST OF TABLES

Table 3.1: Reliability Statistics 43
Table 4.1: Profile of Organization 46
Table 4.2: Supplier Relationship Management 47
Table 4.3: Internal Value Chain Activities 48
Table 4.4: Customer Relationship Management 49
Table 4.5: Organizational Performance 50
Table 4.6: Correlation Matrix for Supplier Relationship Management, Internal Value Chain Activities, Customer Relationship Management and Organizational Performance 51
Table 4.7: Simple Regression Results for Effect of Supplier Relationship Management on Organizational Performance 52
Table 4.8: Simple Regression Results for Effect of Internal Value Chain Activities 53
on Organizational Performance 53
Table 4.9: Simple Regression Results for Effect of Customer Relationship Management on Organizational Performance 55
Table 5.0: Multiple Regression Results for Effect of Supplier Relationship Management, Internal Value Chain Activities and Customer Relationship Management on Organizational Performance 57

LIST OF FIGURES

Figure 2. 1: Relationship between value chain management practices, contextual factors and organizational performance: 38

ABBREVIATIONS AND ACRONYMS

CODP	Customer Order Decoupling Point
CRM	Customer Relationship Management
RBV	Resource Based View of the firm
SCM	Supply Chain Management
SRM	Supplier Relationship Management
VCM	Value Chain Management
VRIO	Valuable Rarity Imitability Organization

CHAPTER ONE
INTRODUCTION

1.1 Background of the Study

There is increased sophistication in the shopping pattern of consumers, which has resulted in big retail chains coming up in the international arena. Global players like Wal-Mart and Tesco have set pace in the way retailing is done to meet the ever changing consumer taste and preferences. Kenya and the rest of the world have not been left behind. The retail growth is being driven by changes in lifestyle, surge in income and the advent of devolution, which is supported by favourable demographic patterns (Liedholm, 2001).

Increasing risk of error, costly mistakes and even economic ruin are causing professional managers in 21st century to take strategic management seriously in order to keep their organizations competitive in an increasingly volatile environment (Hunger & Wheelen, 2006). This has forced businesses to look into their activities that are performed to design, produce, market, deliver and support their products. Thus, some organizations have employed value chain management to integrate communication and increase cooperation between production chain members in order to decrease delivery times, reduce inventories and increase customer satisfaction.

Value systems integrate supply chain activities, from determination of customer needs through product/service development, production/operations and distribution, including first, second and third-tier suppliers. The objective of value systems is to position organizations in the supply chain to achieve the highest levels of customer satisfaction and value while effectively exploiting the competencies of all organizations in the chain (Hitt, Ireland, & Hoskisson, 2007).

Understanding why organizations can create value and whether it can continue to it in the future is a vital step in diagnosing a firm's potential for achieving a competitive advantage in the marketplace (Hitt, Ireland, & Hoskisson, 2007). The overall goal is to provide customers with superior value products and services which in turn translate to better financial organizational performance. Hence, it is essential to understand how firms create value and then look for ways to add more value to it.

Moreover, as buyer-value relationship competition increases, the challenges associated with producing a product and service to the right place at the right time at the lowest cost

increases. Organizations begin to realize that it is not enough to improve efficiencies within an organization, but their whole value chain has to be made competitive. Value chain analysis becomes an important tool to measure value creating processes of a company (Porter, 1985). This research gives emphasis on the impact of value chain management practices on organization performance and firm competitiveness.

Porter (1985) divided internal value chain activities, one of the components of value chain management practices into primary and support activities. The primary activities include inbound logistics, operations, outbound logistics, marketing and sales and services. The support activities include procurement, technology development, human resource management and firm infrastructure. Hence there should be value creating processes from the beginning of purchasing raw materials to the end customer.

Kaplinksy and Morris (2001) explained that primary activities represent functionality of the value chain, while support activities represent the strength of the value chain. In order to survive in the industry, the company has to gain competitive advantage by delivering a customer value. This is where value chain management practices comes in. As mentioned by Gereffi (1994), firm competitiveness is determined by competitiveness of the value chain. Hence, the investigation of the value chain management practices on firm competitiveness and performance is highly effective.

Guided by the resource based view (RBV), it was postulated in this study that both the internal value chain activities and the various buyer – supplier relationships and the linkages between them are core resources that enhance competitive advantage and performance. As suggested by RBV, it was expected that medium and large scale retail outlets practice value chain management practices to enhance competitive advantage and superior performance.

Retail outlets perform specific activities such as anticipating consumers' wants, developing assortments of products, acquiring market information, and financing (Neville, 2007). However, medium and large scale retail outlets in Kenya have for years faced challenges such as depressed domestic demand, inflation and transport costs. In fact 50 % of retail outlets in Kenya as established in a study by Liedholm (2001), closed within the first three years of operation depicting a high mortality rate. Over the last decade, the retail industry has experienced major transitions. The growth of e-commerce has created both new competition

and a new selling channel for retailers hence increased need for effective and efficient management of value chain management practices (Kumar, 2005).

1.1.1 Value Chain Management Practices

The concept of value chain management practices was first introduced by Porter (1985) and has now become an integral part of strategic management for many businesses in 21st century. Firms use value chain management practices as a tool to create and sustain competitive advantage. Primary and support activities are vital in developing competitive advantage. For example, in the retail outlet sector, the activities which are critical in distribution of goods and services from the manufacturer to the consumer must be well optimized and coordinated. Hence, managers should optimize on the linkages between the activities in order to enjoy the benefits of cost and differentiation advantages (Henry, 2011).

Value chain management practices are broken down into three main components namely, supplier relationship management, internal value chain activities and customer relationship management which are found to compare with best practices globally (Kaplinksy & Morris, 2001). Supplier relationship management involves strategically planning for and managing all interactions with third party organizations that supply goods and / or service to an organization to maximize value of those interactions (Chen, Paulraj, & Lado, 2004). Internal value chain activities are interdependent building blocks by which firms deliver products to the customer, earn profit/ margins as well as develop advantages over rivals (Porter, 1985). Finally, customer relationship management entails managing customer interactions with a view to identifying the most valuable customers, trying to personalize activities to their needs and then establish and maintain long-term and profitable relationships (Dawes & Swailes, 1999).

The concept of value chain management practices emerged from the realization that appreciable, continual improvements in system design and organizational performance occurs when businesses seek closer coordination and integration with suppliers and customers than traditional transactional buyer-seller relationships allow (Sparling, 2007; Gruen, 1997; Wilson, 1995). By developing closer strategic relationships with customers and suppliers, businesses can learn and adapt more effectively thus improving and sustaining organizational performance.

According to Leopoldo and Daniel (2012), value chain is a business system that creates end-user satisfaction and realizes the objectives of other member stakeholders and therefore need for value chain management practices to facilitate the realization of these objectives. Value chain management practices has the potential to dramatically reduce time-to-market and to match the increasing expectations of customers and consumers. Firms use the value chain management practices approach to better understand which segments, distribution channels, price points, product differentiation, selling propositions and value chain configurations will yield them the greatest competitive advantage.

In the face of cut throat competition and the ever increasing needs of customers in the 21st century, value chain analysis allows for an assessment of the linkages and interrelationships between and amongst productive activities; thus providing a framework to analyze the nature and determinants of competitiveness in a business. Linkages are relationships between the way one value activity is performed and the cost or performance of another. In value system, suppliers have value chains that create and deliver the input to be used in a firm. Then firm's products or services pass through the value chains of distributors (channels) to the buyer. Distributors perform additional activities that affect the buyer as well as influence the firm's activities. At last, a firm's product becomes part of its buyer's value chain determining buyer needs (Nguyen & Kira, 2001).

1.1.2 Organizational Performance

Organizations have an important role in our daily lives and therefore, successful organizations represent a key ingredient for developing nations (Lynch, 2006). Thus, many economists consider organizations and institutions similar to an engine in determining the economic, social and political progress. Organizational performance comprises the actual output or results of an organization as measured against its intended outputs/goals and objectives. According to Porter (2013), organizational performance encompasses three specific areas of firm outcomes: financial performance (profits, return on assets, return on investment); product market performance (sale, market share) and shareholder return (total shareholder return, economic value added).

On the other hand, Inayatullah and Amar (2012*)* pointed out that overall organizational performance can be divided in to three parts: financial performance, product performance and operational performance. Financial performance of organization includes: market share, return on investment, profit margin, inventory turnover rate, and productivity. Product

performance includes: functionality, service, operating expenses, comfort, and ease of use. Higher product performance enhances the customer and employee satisfaction. Operational performance includes: product/service quality, lead time/service completion time, product development time, utilization of resources, responsiveness to customer demand, and operational cost.

Many organizations have also attempted to manage organizational performance using the balanced scorecard methodology where performance is tracked and measured in multiple dimensions to align business activities to the vision and strategy of the organization, improve internal and external communications and monitor organization performance against strategic goals. It is a performance management method that maps an organization's strategic objectives into performance metrics in four perspectives, that is: financial, customers, internal main processes, learning and growth. It added strategic non-financial performance measures to traditional financial metrics to give managers a more 'balanced' view of organizational performance (Kaplan & Norton, 1992).

The performance measurement system employed in an organization must therefore measure the performance of all assets including the human ones. When fully deployed, the balance scorecard transforms strategic planning from an academic exercise into the nerve centre of an enterprise. The Balance Scorecard includes both financial measures that tell the results of actions already taken, and operational measures that are the drivers of future financial performance (Kaplan & Norton, 2006).

A broader conceptualization and more effective business performance should include indicators of operational performance in addition to those of financial performance. There are many advantages of using non-financial measures, including the fact that nonfinancial measures are more timely than financial ones, they are more measurable and precise, they are consistent with company goals and strategies, and non-financial measures change and vary over time as market needs change and thus tend to be flexible (Medori & Steeple, 2000).

Hooley, Greenley, Fahy and Cadogan (2004) noted that using financial measures alone overlooks the fact that what enables a company to achieve or deliver better financial results from its operations is the achievement of strategic objectives that improve its competitiveness and market strength. Non-financial measures include innovativeness and market standing. Performance is therefore measured by both financial and non-financial measures.

The choice of key performance indicators is strongly company-specific and depends on the state, orientation, and positioning of the organization on the market, its mission statement and vision. These will define a preference for some performance indicators as more important than others. For example, cost efficiency and profit might be central for an organization, others might include customer satisfaction (if the success of its operations depends strongly on retaining customers), employees' motivation (if a sufficiently qualified personnel is difficult to recruit), environmental impact, growth, market share, among others (Viara & Alexei, 2010). In this study, Managers were not willing to disclose their financial statements to the researcher due to exposing confidentiality. Hence, this study has mainly borrowed from perceptual measures where the market performance (sales growth, market share) was the performance indicator.

1.1.3 Retail Sector in Kenya

Retail outlet refers to any business enterprise whose sale volumes comes primarily from availing goods and services to the customer. These are the business entities in a distribution channel that links manufacturers to customers. Manufacturers typically make products and sell them to retailers or wholesalers. Wholesalers resell these products to the retailers and finally, retailers resell these products to the consumers. However, recent approaches have demonstrated that any organization selling to customers whether a manufacturer, wholesaler or retailer is doing retailing (International Journal of Business and Commerce, 2013).

There are two categories of retail outlets, that is, store and non-store outlets. Store retail outlets operate at fixed point of sale locations, are located and designed to attract a high volume of walk-in customers unlike non-stores outlets, for example, independent stores like hardware and bookshops. Other categories of store retail outlets are chain stores, for instance, Naivas and Tuskys supermarkets, conventional supermarkets like Society stores and service stores like hotels. There are two types of retailing; goods and service retailing. The main differences between the two are on account of intangibility, simultaneous production and consumption, perishability and inconsistency. This study focused on goods and service retailing because the medium and large retail outlets offer goods/ products and services (Kotler & Armstrong, 2006).

The outlook for the retail sector is strong and Kenya is starting to be seen as an ideal point of entry for launching retail outlets and consumer goods distribution into East and Central Africa. Only about 16.8% of the Kenyan population currently falls into the middle class, but

that should grow strongly. Kenya's retail market comprises a mixture of modern retail outlets that supply consumer goods from major international firms and informal traders or family-run concerns that sell more basic goods. The country's Vision 2030 includes plans to improve the efficiency of the retail market and once the formal retail expands, there should be significant opportunities for logistics service providers (Price waterhouse Coopers Kenya, 2013).

The retail trade sector has evolved significantly, with firms becoming more concentrated over the last few decades. This is manifested in closer linkages between manufacturers, wholesalers and retailers. Traditional shops selling basic products are facing stiff competition from medium and large chain stores, supermarkets, exhibition centres and shopping malls. Besides, there is a general reduction in the role of traditional wholesalers, with firms integrating to provide a wider variety of value chain from manufacturer to retailer. This is reflected in retail outlets such as Nakumatt, Tuskys, Naivas, among others, which provide space for manufacturers in their outlets and offer a myriad of goods including fruits, vegetables, furniture, clothing and food items (Kenya Institute for Public Policy Research and Analysis, 2016).

Medium and large retail outlets have spread their operations in several urban centres especially with the advent of devolution in various counties in Kenya and Nakuru County is no exception. In a report by New York Stock Exchange research firm Nielsen, Kenya was ranked second in terms of the degree of modernization of its retail services, behind South Africa, in a survey targeting five Sub-Saharan economies (Nielsen, 2015). Medium and large scale retail outlets in Kenya act as the main outlet for Kenyans to get products.

The growth of medium and large retail outlets in Nakuru County continues to face numerous challenges that limit their growth and in some instances contributes to their eventual closure. Though mushrooming everywhere the small retail outlets are the most affected since they are difficult to track measure and analyze, a fact that has necessitated this research to focus on medium and large retail outlets. Customers are attracted towards the medium and large retail outlets because they provide all the facilities including the leading brands that they require since they are fairly established and with formal system in place as compared to the small ones (Liedholm, 2001).

Retail outlets must be ahead in the race for reaching and gaining of customer's confidence by creating a one stop shop for their businesses. Thus, there is need for management of a value

stream which would result in improved service, growth in market share, suppliers and distribution channels and provides invaluable analytics for continuous improvement (Neville, 2007).

1.2 Statement of the Problem

Strategic management literature suggests that firms make strategic choices regarding the focus of their core resources on internal value chain activities and the various buyer – supplier relationships and the linkages between them that enhance competitive advantage and performance (Newbert, 2007). Globally, most retail outlets face competition and a few of them have managed to beat the same through cost reduction in their value chain management practices and timely delivery of products and services to customers. This leads to increased performance and competitive advantage (Agarwal & Audretsch, 2001).

In Kenya, retail outlets have faced challenges such as depressed domestic demand, inflation and transport costs. This has exerted pressure on retail outlets to initiate various approaches to enhance their competitiveness. A few studies have been conducted on value chain management practices and organizational performance. A study by Ghonar (2015) on influence of value chain activities in the performance of Safaricom Limited, Kenya demonstrated that organizations that carry out value chain management practices enjoys improved performance in terms of higher profits, better responsiveness in the market and long-term market dominance which leads to enhanced performance. The study however narrowed to recommendations that revolved around the product alone, without encompassing the other ingredients of the value chain management practices.

Another study by Aguko (2014) on value chain performance of beer brewing industries in Kenya recommended that value chain professionals should embrace collaborative relationships with their suppliers to reduce value chain costs and embrace technology to streamline operations of the value chain. The study focused on supplier relationship management and use of technology to enhance value chain operations with little emphasis on internal value chain activities and customer relationship management. However, the above studies have not focused on the linkages in value chain management practices and their contribution to organizational performance, particularly on the retail outlet sector. Therefore, this study sought to examine the effect of value chain management practices on performance of medium and large scale retail outlets in Nakuru County, Kenya.

1.3 Objectives of the Study

The overall objective of this study was to determine the effect of value chain management practices on performance of medium and large scale retail outlets in Nakuru County. The specific objectives were to:

i. Determine the effect of firm supplier relationship management on organizational performance.
ii. Determine the effect of internal value chain activities on organizational performance.
iii. Determine the effect of customer relationship management on organizational performance.
iv. Establish the joint effect of firm supplier relationship management, internal value chain activities and customer relationship management on organizational performance.

1.4 Research Hypotheses

The study sought to test the following hypotheses:

HA_1 Supplier relationship management had a positive effect on organizational performance.

HA_2 Internal value chain activities had a positive effect on organizational performance.

HA_3 Customer relationship management had a positive effect on organizational performance.

HA_4 Supplier relationship management, internal value chain activities and customer relationship management jointly had a positive effect on organizational performance.

1.5 Significance of the Study

This study was important to management policy and practice. It sought to reveal the management approaches that the industry players in the medium and large scale retail businesses should adopt in order to enhance performance and create advantaged positions that improve their profitability. The findings and recommendations of this research was to provide some insights that will help medium and large scale retail businesses counter challenges experienced in organizational operations. To policy makers and the government who shoulder the responsibility of promoting sustainable development to the public, the study will help in improving service delivery by ensuring effectiveness and efficiency of retail outlets.

Finally, the study will contribute to the body of knowledge in strategic management and enrich literature for scholars. It will act as a source of reference material and stimulate further research for future studies in business management.

1.6 Scope and Limitations of the Study

The study targeted 43 medium and large scale retail outlets in Nakuru County. It focused on the effect of value chain management practices on performance of the medium and large retail outlets. The study was conducted within a period of three months. The main limitation of the study was lack of assurance that the respondents would return all the questionnaires duly completed.

1.7 Operational Definition of Terms

Value Chain Management Practices refers to approaches applied in managing integration and coordination of supplier relationship management, internal value chain activities, customer relationship management and linkages between them to enhance organization performance.

Organizational Performance refers to the attainment of organizational goals in retail outlets by using resources in an efficient and effective manner.

Supplier Relationship Management refers to a critical component of value chain management practices that involve strategically planning for and managing all interactions with third party organizations that supply goods and / or service to retail outlets in order to reap maximize value of those interactions.

Internal Value Chain Activities these are interdependent building blocks by which retail outlets deliver products to the customer, earn profit/margins as well as develop advantages over rivals.

Customer Relationship Management process of managing customer interactions with a view to identifying the most valuable customers, trying to personalize internal value chain activities according to their needs and then establish and maintain long-term and profitable relationships.

Contextual Factors refers to economic conditions, legal factors and company laws which are described as environmental, organizational and individual characteristics of a firm's external and internal environment.

Medium Retail Outlets these are conventional supermarkets, service stores, independent and chain stores whose sales volume involves availing goods and services to the customer and employs between fifty one and one hundred employees.

Large Retail Outlets these are conventional supermarkets, service stores, independent and chain stores whose sales volume involves availing goods and services to the customer and employs above one hundred employees.

CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter reviews the theoretical perspective of the concept of value chain management and examines past research relevant to the study. The study is guided by the resource-based view of the firm theory. It further presents an in-depth analysis of value chain management practices on organizational performance. It discusses the nature of these interrelationships among variables, focusing on how value chain management affects organizational performance and presents a conceptual framework.

2.2 Theoretical Perspective

The resource based view (RBV) of the firm theory is one of the most widely accepted theoretical perspectives in the field of strategic management in explaining organizational performance (Barney, 1991; Priem & Butler, 2001). Intellectual foundations for modern resource-based theory dates back to Penrose (1959), where she emphasized that "a firm is more than an administrative unit; it is also a collection of productive resources at the disposal between different users and over time is determined by administrative decision".

Moreover, Wernerfelt (1984) stated that "for the firm, resources and products are two sides of the same coin", directing strategy schools toward resources as important antecedents to products. His article works as a reminder that "managers often fail to recognize that bundle of assets, rather than the particular product market combination chosen for its development, lies at the heart of their firm's competitive position and improved performance.

Resource based view is a model that perceives organizational internal factors which are responsible for generating firm sustainable competitive advantage and superior performance. Based on these assumptions, scholars have theorized that when a firm has resources that are valuable, rare, imitable and organization (VRIO) attributes, the resource enables the firm to gain and sustain competitive advantage (Barney, 1991). These resources can be perceived as bundles of tangible and intangible assets, such as a firm's management skills, its organizational processes and routines, and the information and knowledge under its control (Barney, Wright, & Ketchen, 2001).

Firm resources are valuable if they enable a firm to develop and implement strategies that have the effect of lowering a firm's net costs and/or increase a firm's net revenues beyond

what would have been the case, without these resources (Barney & Arikan, 2001). In the parlance of a traditional strength, weakness, opportunity, threat (SWOT) framework, resources are valuable if they enable the firm to exploit an external opportunity and/or neutralize an external threat (Barney & Hesterly, 2012).

A rare resource means that it is controlled by a small number of competing firms. If a resource is valuable but not rare, exploiting it will result in competitive parity, because other firms that possess the resource also have the capability of exploiting it. A resource is imperfectly imitable if it is substantially costly to obtain or develop for competing firms (Barney & Hesterly, 2012). Imperfectly imitable resources suggest that firms without that resource cannot obtain it through direct duplication or substitution. If a resource is valuable and rare but not costly to imitate, then exploiting it will result in a temporary competitive advantage for the firm. Once other competing firms obtain and exploit this resource (at a minimal cost disadvantage), any competitive advantage dissipates. However, if a resource is valuable, rare, and imperfectly imitable, exploiting it should result in sustained competitive advantage and eventually, improved performance.

According to Barney and Clark (2007), resources may be imperfectly imitable due to unique historical conditions, causal ambiguity or social complexity. The last condition of a resource pertains to the organization. Even if a resource is valuable, rare, and imperfectly imitable, a firm must be organized to exploit the full competitive potential of its resources and capabilities. That is, poor organizational processes, policies and procedures may undermine a resource’s potential competitive advantage. Thus, the organization acts as an adjustment factor that either enables or prevents a firm from fully realizing the benefits embodied in its valuable, rare and costly to imitate resources (Barney & Clark, 2007). The firm infrastructure is a support activity that augers well with this last condition.

Resource based view theory, identifies how firm performance and its sustainability depend on the uniqueness, rareness, and non-imitability of its resources. However, it does not adequately explain performance differences between firms that have the same levels of uniqueness, rareness, non-imitability and isolation of their resources (Cool, Dierickx, & Martens, 1994). For example, in an industry, several firms may have developed core competences in marketing and others in research and development. These core competences are idiosyncratic to each firm and can be equally rare, non-imitable and difficult to substitute across firms. In

such a situation, the RBV theory cannot predict which firm would have a superior performance.

On the other hand, Cool, Almeida and Dierickx (2002) emphasized that the firm's resources are the fundamental determinants of competitive advantage and performance. Resource based view theory adopts two assumptions in analyzing this. First, this model assumes that firms within an industry (or within a strategic group) may be heterogeneous with respect to the bundle of resources that they control. Secondly, it assumes that resource heterogeneity may persist over time because the resources used to implement firms' strategies are not perfectly mobile across firms. Resource heterogeneity (or uniqueness) is considered a necessary condition for a resource bundle to contribute to a competitive advantage. Hence, if all firms in a market have the same stock of resources, no strategy is available to one firm that would also not be available to all other firms in the market.

Foss (1998) stated that the resource based view theory perspective does not escape the general problem of finding the appropriate unit of analysis. Most contributions within this theory take the individual resource as the relevant unit of analysis to study competitive advantage. However, this choice may only be legitimated if the relevant resources are sufficiently well-defined and free-standing. If, in contrast, there are strong relations of complementarity and specialization among resources, it is the way resources are clustered and how they interplay and fit into the system that is important to the understanding of competitive advantage. Foss (1998) recognized that the concepts 'capabilities' and 'competences' aim perhaps at grabbing this clustering and interplay. The conceptual framework takes this problem into account by relating competitive advantage to strategy rather than to individual resources.

More recently, three approaches have emerged to extend the resource based view theoretically. First, the Dynamic capabilities theory of the firm (Helfat, 2000) focuses on the resource side of the firm. This resource-based view incorporates the notion central to dynamic capabilities that resources and capabilities are continually adapted, integrated, and/or reconfigured into other resources and capabilities (Teece, Pisano, & Shuen, 1997). Secondly, attention shifted to the relationship between resources and strategy implementation (Hitt, Bierman, Shimizu, & Kochhar, 2001). The realization of the potential value of resources is dependent on the strategy of the firm and how the strategy is implemented and resources are utilized (Newbert, 2007).

Finally, Wiggins and Ruefli (2005), demonstrated that the internal resources of a firm rather than the external environment around the firm are possibly the primary source of improved organizational performance differences among firms. This result has brought a growing number of researchers to the RBV of strategic management to explain the differences by focusing their attention on resource heterogeneity in an industry and the source of sustainable competitive advantage of the firms. A firm is said to have a competitive advantage when it can produce more economically and/or better satisfy customer needs, and thus enjoy superior performance relative to its competitors. Hence, this study adopted resource based view theory because both the internal value chain activities and the various buyer–supplier relationships and the linkages between them are core resources that enhance competitive advantage and performance.

2.3 Value Chain Management Practices

Hardacre and Collins (2008); Gabriel (2006) defined value chain management practices as approaches applied in managing integration and coordination of supplier relationship management, internal value chain activities, customer relationship management and linkages between them to enhance organization performance. Value chain management practices are broken down into three main components namely, supplier relationship management, internal value chain activities and customer relationship management which are found to compare with best practices globally.

Developing closer strategic relationships with customers and suppliers enables organizations to learn and adapt more effectively than if operating unilaterally. According to Marete (2010), the purpose of a value chain is to achieve whole and seamless interaction among stakeholders to create a win-win situation. Comprehending these relationships and their various impact to the value of an organization's products and services is a vital component to the success of the organization.

Porter (1985) developed a general-purpose value chain that organizations can use to examine all of their internal value chain activities and how they're connected. The value chain activities of an organization determine the costs, thus affects the profits. The main idea then was to use it as an analysis tool for strategic planning. Value chain focuses on systems and how business inputs are changed into business outputs purchased by customers. Porter described the value chain framework as an interdependent system or network of activities,

connected through linkages which, if managed well, could be a relevant source of good performance (Pathania-Jain, 2001).

Porter (1998) analyzed the value chain in five steps; First, Porter identified the various distinct internal value chain activities that the organization undertakes and categorized them as either primary or support activities; he then grouped these activities by type, for example whether direct , indirect or quality assurance. Porter then sought to establish the linkages of these activities within the value chain. Next, he carried out an assessment of the distinct activities or combinations of activities that have the potential to add value to the customer. Finally, he developed a strategy to apply changes to those activities that contribute to performance, which leads to competitive advantage of the firm. Porter concluded that the various internal value chain activities performed by an organization contribute to its overall performance.

Shank and Govindarajan (1993) stated that the value chain management practices for any organization is the value-creating activities from the beginning (supplier's basic raw material sources) to end (final product delivered to the final consumer) of the chain. The organization value chain commences with the value-creating processes of suppliers, who offer the raw materials and components. It then continues with the value-creating processes of various classes of consumers and culminates in the disposal and recycling of materials. This description views the organization as part of an overall chain of value-creating processes.

Kaplinsky and Morris (2001) summarized the elements of the value chain as design, production, marketing, distribution and support to get the product to the final user. The activities that comprise a value chain may be contained within a single firm or may be embraced in many firms. They can be limited to a single country or stretch across national boundaries. Firms can be embedded in horizontal or vertical linkages depending on the type of relationships between them.

Bonney et al (2007) demonstrated value chain management practices as a more intergrated and cross functional decision making approach that sees organization use their complementary capabilities and knowledge to jointly develop the resources necessary to deliver superior value to customers. This leads to ability to produce, process, deliver and market products more effectively and efficiently. In addition, they pointed out factors that impact business costs and relate to value chain management practices namely scale, learning,

capacity utilization, vertical integration, interrelationships, linkages, location, timing, policy decisions and government regulations.

Value chain management practices have been modified and the application of ideas to development issues incorporated with increased modernization and globalization. As Gereffi and Korzeniewicz (1994) put it, attention is now shifting to global commodity chain (GCC). Subsequent approaches have focused predominantly on the value network of Porter in terms of the relationships and linkages between firms, rather than solely at value creating functions within a firm. These relationships and linkages, that is, supplier relationship management, customer relationship management and internal value chain activities form the basis of value chain management practices (Kaplinksy & Morris, 2001).

2.3.1 Supplier Relationship Management

Supplier relationship management (SRM) is the discipline of strategically planning for and managing all interactions with third party organizations that supply goods and / or service to an organization to maximize value of those interactions. An effective supplier relationship management is a critical component of value chain management practices in that suppliers will participate early in the product design thus offer more cost effective design choices, help select the best components and technologies, and help in design assessment. Hence, both retailers and customers will gain satisfaction as a result of quality products going at reasonable prices (Chen, Paulraj, & Lado, 2004).

Bresnen and Marshall (2000) postulated that in many fundamental ways, supplier relationship management is analogous to customer relationship management. Just as organizations have multiple interactions over time with their customers, so do they also interact with suppliers when negotiating contracts, purchasing, managing logistics and during delivery. The genesis for defining SRM is a recognition that these various interactions with suppliers are not discrete and independent instead they are accurately and usefully thought of as comprising a relationship, one which can and should be managed in a coordinated fashion across functional and business units and throughout the relationship lifecycle.

Flynn, Huo and Zhao (2010) revealed that SRM necessitates a consistency of approach and a defined set of behaviors that foster trust over time. 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. The degree in which relationship continuity is perceived by a trading partner conditions the trading partner's anticipation of prolonging of the relationship in the future. In the early days of the relationship both partners are willing to invest in the relationship in order to benefit from the advantages that are associated with close collaboration and relationship continuity.

According to Goffin, Lemke and Szwejczewski (2006), maintaining a strong successful relationship between buyer and supplier becomes essential to both parties. Hence, care should be taken while choosing the supplier to make sure that they have the required capabilities and resources to fulfill the needs. From the buyer's perspective, the benefits of close relationship with suppliers at operational level are given as improved quality of products or services, reduced cost and lead-time or service completion time. At the strategic level, the benefits are obtained in the form of enhanced competitiveness, increased market share and innovation.

Wilson (1995) proposed that buyer-seller relationships advance through various phases of development. In each phase, he proposed that different relationship variables would have varying levels of importance. Trust, satisfaction, power and comparison level of alternatives were proposed to be important during partner selection and defining purpose of the relationship. Commitment was important to the relationship when the goal was to create value and maintain the relationship. Other constructs were also proposed to have varying degrees of importance throughout the relationship life cycle.

In value chain management practices, relationships are key if the objectives of a business are to be met. Suppliers are often treated in an adversarial manner by buyers since the kind of relationship between the two is viewed as a win-lose situation. However, most forward looking firms have found it more effective to work collaboratively with their suppliers to ensure the satisfaction of the ultimate customer. Terms such as alliances, partnerships, collaborative relationships and boundary-less organizations have been used to describe these new buyer-supplier relationships (Corsten & Felde, 2005).

Moreover, competition is no longer company against company, but rather supply chain against supply chain (Fawcett & Magnan, 2002). Accordingly, supplier as the critical

determinant of superior quality and lead time plays more and more fundamental role in the value chain. Thus, helping suppliers to control their quality of input material and processing variability and also reduce their cost could in turn, enhance the firms performance and competitiveness (Prajogo, McDermott, & Goh, 2008).

Finally, long-term collaborative relationships with a few trusted suppliers have been described as representing a general trend over the past decade. There is said to be 'growing evidence that to be competitive firms are moving away from the traditional approach of adversarial relationships with a multitude of suppliers to one of forging longer term relationships with a selected few suppliers' (Kalwani & Narayandas, 1995).

2.3.2 Internal Value Chain Activities

The concept of value chain was based on the premise that every company is a collection of activities that are performed to design, produce, market, deliver and support its product. The relevant "value" activities are defined as the physically and technologically distinct activities that a firm performs to achieve its objectives. In addition, the profitability of a retail outlet relies upon how effectively and efficiently it manages the internal value chain activities; price that the customer is willing to pay for the retail products and services exceeds the relative cost of the internal value chain activities (Anandarajan & Arinze, 1998).

Internal value chain activities are related by linkages within the value chain. Linkages can lead to competitive advantage through optimization and coordination. Linkages often reflect tradeoffs among the activities to achieve the same overall result, for example, a more costly product design may reduce service costs. A firm must optimize such linkages reflecting its strategy in order to achieve competitive advantage. Another way to competitive advantage in linkages is to coordinate the activities. The ability to coordinate linkages often reduces cost or enhances differentiation (Porter, 1998).

Porter (2013) derives the concept of "margin" which is the difference between total value and the collective cost of performing the value activities. Porter's value chain is developed mainly for an item or product manufacturing businesses and focuses on the added value that each activity contributes within a process. He divided the activities into two groups: primary activities which were typically directly involved in the logistic product flow and the support activities which dealt with more indirect activities.

According to Porter (1998), competitive advantage starts with the premise that competitive advantage can arise from many sources, and show how all advantages can be connected to specific activities and the way that activities relate to each other, to suppliers, and to customer activities. The fact is that most robust competitive positions often cumulate from any activities. Advantage resting on a few activities is easier to diagnose and often easier to imitate.

Porter (1998) explained that cost leadership is based upon exploiting some aspects of internal organizational processes that can be executed at a cost significantly lower than the competition. There are various sources of this cost advantage. These include lower input costs, lower in-plant productions and lower delivery costs brought about by the proximity of key markets. However, porter (1998) stressed that focused and overall market cost leadership represents a "low scale advantage" because it is frequently the case that eventually a company's advantage is eroded by rising costs. The generic alternative of differentiation is based upon offering superior performance.

2.3.3 Customer Relationship Management

It is worth noting that the concept of customer relationship management (CRM) can be defined in numerous ways. It also means different things to different people; depending on the work environment it has been used in (Dimitriadis & Stevens, 2008). However, to enrich the CRM literature, this study defined it as a process of managing customer interactions with a view to identifying the most valuable customers, trying to personalize activities according to their needs and then establish and maintain long-term and profitable relationships (Dawes & Swailes, 1999).

According to Suhong, Nathan, Nathan and Rao (2004), CRM is an important component of value chain management practices in that committed relationships have the most sustainable advantage because of their inherent barriers to competition. The growth of mass customization and personalized service is leading to an era in which relationship management with customers is becoming crucial for corporate survival. Moreover, close customer relationship allows each retailer to differentiate its products from competitors, sustain customer loyalty and dramatically extend the value it provides to its customers.

There are important issues in achieving CRM success such as strategic, organizational and technological issues. Even though technology, business processes and top management

support are critical to CRM implementation, successful organizations view technology as a tool to aid build profitable customer relationships while recognizing that individual employees are the building blocks (Kennedy, Kelleher, & Quigley, 2006). The critical success factors required for the effective implementation of the CRM system considered are information quality, system quality, service quality, top management support, and technological readiness.

The life cycle of customer relationship management can be divided into four phases: obtaining, capturing, increasing and maintaining the relationship. Each phase has their individual attributes, which are to be kept in mind when planning practices and objectives of the relationship. Maintaining the relationship is vital. Often suppliers become too comfortable once they have created a seemingly steady relationship with the customer, and they forget to actively promote further services. Marketing is still important at this stage since the customer is more likely buy a service they need from a company they are already in business with than to look for another supplier. However that assumption requires that the client is happy with their current supplier's delivery (Mäntyneva, 2001).

In buyer-supplier relationship, time and resources that have been used to capture and increase the customer relationship would be wasted if the customer decided to take their business elsewhere. There are financial profits to be gained from long-term relationships with customers. However, even a loyal customer is not necessarily a profitable customer immediately due to the resources that are used to capture client and increase the relationship. The cost to manage the customer relationship decreases over time when the supplier has more information about the customer and is able to serve the client more efficiently based on that information. Thus, a satisfied customer is often willing to pay the price of the quality services they receive (Ylikoski, 2000).

Wulf, Odekerken and Iacobucci (2001) suggested that different levels of relationship duration would result in different levels of consumption experience which produce different outcomes. This also infers different relationship marketing tactics will produce different levels of satisfaction and loyalty. Relationship marketing helps organizations to retain customers for the long term and show the customer that the organization cares for its existing customers as much as the new ones and that satisfaction of the customers over the long run are of critical importance.

The organization must be responsive to the customers and also provide them not only with what they need, want, value and desire but also anticipate the same. Customers are an organization's central resource without which the organization cannot function for all intents and purposes. CRM is therefore a continuous learning process which aims to increase the organization's knowledge and understanding of its customers, hence transforming customer culture in the organization, depending on what is the starting point and how deeply the organization engages in it (Masoomeh, Reza, & Kambiz, 2015).

2.4 Organizational Performance

Performance forms the basis of strategic management literature and research studies. Many organizational performance systems utilize some of the recent approaches namely; total quality management (TQM), balanced scorecard, business process re-engineering or benchmarking. Definitions of organization performance vary, but practitioners are converging on a common understanding with frequent reference to how effectively and efficiently organization resources are utilized in generating economic outcomes and attaining organizational goals. Performance measures are concerned with input aspects, mainly financial resources (Platt, Hertenstein, & Brown, 2001).

Different researchers have proposed different variables as being the fundamental variables that ensure good buyer-supplier relationships. Performance, a quality of any company, is achieved by valuable outcomes such as higher returns, level of competitiveness and brand presence. It can also be measured by the levels of operational efficiency and this can be analyzed by a variety of methods, such as the parametric (stochastic frontier analysis) and non-parametric (data envelopment analysis). The management of any company would like to identify and eliminate the underlying causes of inefficiencies, thus helping their firms to gain and attain sustainable competitive advantage, or at least, withstand the challenges from others (Yang, Wang, & Su, 2006).

Mahapatro (2010) defines organizational performance as the ability of an organization to fulfill its mission through sound management, strong governance and a persistent rededication to achieving results. Effective nonprofits are mission-driven, adaptable, customer-focused, entrepreneurial, outcomes oriented and sustainable. Measurement of organizational performance continues to be a contentious subject among organizational researchers, both in terms of definition and measurements because of its multifaceted and

multidimensional nature (Ongeti, 2014). However despite this argument, organizations with defined measurable performance indicators perform better than those without.

Olsen and Ell ram (1997) postulate that the reason why organizations always need to measure the performance is to support better managerial decisions and effectively adjust the relationship to their goals. Moreover, performance measurement also underlines the needs for personnel training and helps to provide suppliers with feedback in order to prevent or correct any problems that might arise. Most importantly, the measurement results can stimulate and direct action as well as behavior of suppliers. Fogg (2009) indicates that purchasing organizations measure because they want to make sure the performance goes in line with what has been agreed, to identify any possibility for process improvements as well as to indicate any drawbacks from both sides.

According to Lusine, Alfons and Olaf van Kooten (2007), there are four performance measures used to assess the success of value chains in a firm. These are efficiency, degree of responsiveness, flexibility and quality. Efficiency is measured in terms of production costs, profit, return on investment and level of inventory; Degree of responsiveness is measured through fill rate, product lateness, customer response time, lead-time, shipping errors and customer complaints. Flexibility is measured through customer satisfaction and the flexibility in volume and lost sales. Quality is measured through product safety and health, shelf-life, product reliability and convenience, characteristics of production and marketing systems.

Moreover, the complexity of performance is perhaps the major factor contributing to the debate. Despite such debate there is general agreement among organization scholars that objective measures of performance are preferable to subjective measures based on manager perceptions (Beal, 2000). However, objective data on the performance of small and medium enterprises is usually not available because most small and medium enterprises are privately held and the owners are neither required by law to publish financial results nor are they usually willing to reveal such information voluntarily to outsiders.

When financial statements and accounting data are available, they may be inaccurate because they are usually unaudited. On the other hand, chief executive officers or owners of small and medium enterprises are inclined to provide subjective evaluations of their firms' performance. For example, Chandler and Hanks (1994) used such perceptual performance measure by asking on six items. Three items were used to measure growth: perceived growth

in market share, perceived change in cash flow and sales growth. Three items also were used to measure business volume: sales, earnings and net worth.

The correct performance measures might be influenced by the size of the firm and the ambition of the management/entrepreneur. There is evidence in the literature that many small and medium retail outlets establish businesses for reasons other than wealth creation. The entrepreneur often starts a business with the declared intention of becoming independent and (then) maintains independence by keeping operational control (Gray, 1997). This is supported by an EIM study in which most entrepreneurs responded that the most important objective is perpetuation or survival, the second most objective is independence. Growth comes in third place (Meijaard et al., 2002).

Measures of profitability (cash flow) may not be the first objective of the entrepreneur and thus not measure success (defined as achieving the objectives) adequately. Moreover, sometimes in small and medium retail outlets subjective goals can be considered more important than objective measures of performance. On the other hand, a certain level of profitability is required to remain independent and/or for the continuation of the firm. As a result, Postma and Zwart (2001) argue that in order to measure the multidimensional performance construct, both objective and subjective measures should be included in the measurement instrument.

In 21st century business environment, retail outlets like any other organizations, can no longer be measured solely on past financial performance which is an excellent indicator of future results, but it cannot be the single most base for measurement. Thus one has to balance all business areas, through focusing on financial outcomes, sales, market share, number of customers and stock level (Darroch, 2005).

Many organizations have also attempted to manage organizational performance using the balanced scorecard, where performance is measured in multiple dimensions. It maps an organization's strategic objectives in four perspectives – financial, customer, internal processes and learning and growth. A balanced scorecard offers a comprehensive view of a business, which in turn aids organizations to act in their best long-term interests since it added strategic non-financial performance measures to the traditional financial metrics to give managers a more balanced view of organizational performance (Kaplan & Norton, 1992).

Kaplan and Norton (1992) listed various methods to measure the overall organizational performance which are; accounting measures (profitability measures, growth measures, leverage, liquidity and cash flow measures), operational performance (market share, changes in intangible assets such as patents or human resources, customer satisfaction and stakeholder performance market based measures (return on shareholder performance), market based measures (return on shareholder, market value added, holding period returns, Jensens alpha and Tobins Q), survival measures (takes time horizons of five years and less) and economic value measures (residual income, economics value added and cash flow return on investment).

The work of Simons (2000) suggests that financial (accounting) measures can facilitate the innovation process when we consider how these measures are used. While financial measures used in a diagnostic (monitoring) manner may curb the innovation process, financial measures used in an interactive (opportunity seeking, learning) manner may enhance the innovation process fundamental to differentiation strategies. Firms pursuing a differentiation strategic focus are likely to use both financial and non-financial performance measures, and therefore, it is important to examine whether financial and non-financial performance measures are associated with different aspects of organization performance.

According to Yeo (2005), differentiating firms will use financial performance measures to evaluate their financial performance (that is how well they have extracted profits from the market), and concurrently use non-financial performance measures to provide additional insight into their non-financial performance (that is, to measure how well they have created value for their customers). By monitoring their financial and non-financial measures, differentiating firms are more likely to achieve sustained competitive advantage in relation to both financial and non-financial dimensions of organization performance.

Organizational performance therefore guides the business on the direction it is headed and not only where it has been; this can be done through performance measurement which demonstrates various benefits to organizations namely how an organization performs, how well an organization does, how much progress an organization makes over time in attaining goals and aids the organization in managing change (Yeo, 2005). Kaplan and Norton (1996) capture all this in one statement; “if you can’t measure it, you can’t manage it”.

2.5 Value Chain Management Practices and Organizational Performance

Value chain management practices is one of the most systematic approaches to examining the performance of firms. In all retail outlets in the 21st century, the growing integration of the economy has offered the opportunity for substantial performance and increased profitability. Retail outlets are realizing that they no longer have complete control over their market success since they rely heavily on the performance of their supply chain. For retail outlets to survive, they must supply what clients want to purchase, and they must survive competition. Ghonar (2015) carried out a study on value chain activities on organizational performance of Safaricom Limited, Kenya and concluded that organizations that carry out value chain management practices in their organizations often enjoy improved performance in terms of higher profits, better responsiveness in the market, long-term market dominance and long-term competitive advantage. The study was based on resource-based view theory and dynamic capability models.

Porter (1985) pointed out factors that impact organizational performance and value chain management activities in organizations. They include linkages, interrelationships, location and timing. Value chain is not a collection of independent activities, but rather interconnected value chain activities through linkages and interrelationships which are the primary means of achieving competitive advantage. Medium and large scale retail outlets must optimize the linkages in the value chain in order to achieve competitive advantage and sustained performance. They not only undertake activities in supplying goods and services to the customer but they also impact those in marketing, and vice versa.

Loko and Opusunju (2016) studied the relationship between value chain and performance in agro allied small and medium scale enterprise in Sokoto, Nigeria. They alluded that the ability of management to co-ordinate linkages often reduces cost or enhances differentiation. Co-ordination of linkages implies that a firm's cost or differentiation can result from the way linkages are managed as well as the efforts to reduce cost or improve performance in each value activity individually. They also recommended that agro SMEs should continue to improve on value chain activities since it contributes significantly to the performance of the agro SMEs in Sokoto, Nigeria.

Olhager (2012) investigated the role of decoupling points in value chain management practices and found that there is one dominant customer order decoupling point (CODP) along the material flow of the value chain. From a company perspective, the CODP can be

positioned inside their manufacturing operations or it can be positioned at the suppliers (first tier or even further upstream in the value chain), at the interface with the supplier (raw material inventory), at the border towards the customers (at some finished goods inventory) or even further downstream in the supply chain.

Timing also plays a vital role in value creation. Opportunities created in the present, which will be realized in the future are valued in the present but are based upon individual assumptions about future actions and conditions. These assumptions about future outcomes vary based upon the observer perceptions. In a study on value chain analysis and organizational performance of beer manufacturing companies in Kenya, Aguko (2014) demonstrated that an ideal measure must take into account information on both historical organization performance and future organization performance expectations which depend on the actions recently to create strategic alternatives and opportunities. Therefore, the value of the opportunities created relates to past actions and, accordingly, this value should be included in a performance measure as the risk adjusted present value of the opportunities.

A study by Schiebel (2005) on value chain analysis and competitive advantage in telecommunication firms in the United Kingdom indicated that the value chain analysis does not only reveal cost advantages but also brings attention to several sources of differentiation advantage relative to competitors. It equally identifies those activities that are critical to buyer satisfaction and market success. This enables the firm to achieve above-average customer satisfaction that breeds customer loyalty, increased market share and higher profit margin. The study was based on value chain model.

2.5.1 Supplier Relationship Management and Organizational Performance

In market economies, retail outlets are confronted with competition when selling to customers and they use the market competition when purchasing from suppliers. On the other hand, market constellations can change, when many customers compete for limited resources or raw materials provided by few large suppliers. In these situations, prices, values as well as ensured profitability within each company are decisive for the sustainable survival of the business performance (Corsten & Felde, 2005).

Michel, Philippart, Verstraete and Wynen (2008) explained that, technology plays a critical role in supplier relationship management. Organizations with similar level of technology can adopt SRM since it is easy to detect when an organization is out of stock through integrating

systems thus reduce prolonged cycle times and consequently improve organization performance. However, lack of advanced technology is a challenge in supplier relationship management in that, two organizations which have different technologies may find it difficult to develop SRM since the supply chain network may be broken down due to incompatibility between the two companies making it difficult to operate.

In supplier relationship management, the biggest responsibility lies with the supplier. The success of a buyer to supplier relationship is determined by the supplier. If the supplier is reliable, the organization is likely to improve efficiency on its supply chain channels and organizational performance. The proximity between the supplier and the organization is important to consider in SRM. An organization should find a supplier who is within reach in times of need as this helps in cutting transportation costs and reduced cycle times leading to increased organizational performance (Khalfan, McDermott, & Swan, 2007).

In addition, the strategic management of buyer-supplier relationships is central to the success of value chain management in firms. Particularly, strategic relationships with critical suppliers must be well construed in order to optimize on value creation in retail outlets. Studies have shown that successful management of these relationships contributes to firm performance. Chen, Paulraj and Lado (2004) argued that strategic supplier relationship plays an important role in earning a competitive advantage for a firm and for this purpose; it needs to strengthen its ties with various suppliers in order to reap long term rewards.

Wagner (2010) stressed the fact that strong cords with suppliers help in enhancing creativity and quality products. Suppliers should be encouraged to improve on quality of their products or services rather than reducing prices since the benefits accrued from the former are far much enormous than the latter. Narain and Sigh (2012) further suggests that trust and communication can make or destroy the strategic supplier relationships and should thus be guarded jealously if performance is to be achieved and sustained. Many organizations have recognized that their competitiveness is based to a large extent on the ability to establish a high level of trust and co-operation with suppliers (Buono, 1997). Therefore, organizations must choose the suppliers that enable them to increase competitiveness and performance, with emphasis to quality.

Buyer-supplier relationships have increasingly become strategic and the process of relation development is accelerated as organizations strive to create relationships to achieve their

goals. At this stage, trust becomes the leading actor to govern the buyer-supplier relationship. A sincere desire is required for organizations to proceed in trust building activities. An essential phenomenon related to these relationships is that many buyers are developing single source suppliers because of the pressure to increase quality, reduce inventory, develop just-in-time systems, and decrease time to market. The ultimate goal in developing these capabilities is to reduce costs hence improve organization performance (Kannan & Tan, 2005).

A close examination into previous studies on supplier relationship management and organizational performance has been conducted. The studies below were based on collaborative relationships (partnerships) supplier management model. Wachira (2013) carried out a study on supplier relationship management and organizational performance on alcoholic beverage industry in Kenya and alluded that by adopting collaboration relationships with suppliers positively contribute to competitive advantage, value creation and performance. The study utilized descriptive and multiple regression analysis to determine the relationship between Supplier Relationship Management and Supply Chain Performance. A study by Ratemo (2011) on supplier relationship management of procurement performance revealed that companies that failed to maintain good relationships with suppliers lead to poor performance.

A study by Lahiri, Kedia and Mukherjee (2011) identified that higher partnership quality between the buyer and the supplier leads to increased performance benefit and management capability of the firms. Close relationship means risks and rewards should be shared by the channel members. They also should be willing to sustain the relationship for a long period of time. Another study by Mwirigi (2011) sought to establish the role of supply chain relationships in the growth of small firms in Kenya. The findings of this study indicated that a strong sustainable relationship between an enterprise, customers and its suppliers have a bearing on the speed of growth in transactions and profitability of organizations.

Tangus (2015) studied the effect of supplier relationship management practices on performance of manufacturing firms in Kisumu County, Kenya. The study found out that trust is a critical factor fostering commitment among supply chain partners. In addition, the presence of trust improves measurably the chance of successful organization performance. A lack of trust among supply chain partners often results in inefficient and ineffective

performance as the transaction costs (verification, inspections and certifications of their trading partners) mount.

2.5.2 Internal Value Chain Activities and Organizational Performance

Internal value chain activities of the firm are building blocks by which firms deliver products to the customer, earn profit/margins as well as develop advantages over rivals. These activities do not operate in isolation but in a cohesive manner as an interdependent system which is related to each other through linkages. Internal value chain activities and linkages together lead to the competitive advantage and sustained performance through optimization and coordination. This reduces cost or enhances differentiation (Porter, 1985).

Linkages are numerous, but the most obvious are those between support activities and primary activities. More subtle linkages are those between primary linkages. Linkages exist not only within a firm's value chain. There are also so called vertical linkages between a firm's value chain and the value chains of supplier and channels. These linkages are similar to linkages within the firm's value chain. The way supplier or channel activities are performed affects the cost or performance of firm's activities and vice versa (Porter, 1998).

The linkages between suppliers' and channels' value chains and a firm's value chain provide opportunities for the firm to enhance its competitive advantage. It is often possible to benefit both the firm and suppliers or channels by influencing the configuration of suppliers' or channels' value chains to jointly optimize the performance of activities or by improving coordination between a firm's and suppliers' or channels' chains (Porter, 1998).

Venu (2001) demonstrated that the performance of an organization depends heavily on cost leadership as one of the strategies that can be employed by organizations to ensure that they improve and sustain their performance. This strategy involves the firm winning market share by appealing to cost-conscious or price-sensitive customers. It is achieved by having the lowest prices in the target market segment, or at least the lowest price to value ratio (price compared to what customers receive). To succeed at offering the lowest price while still achieving profitability and a high return on investment, the firm must be able to operate at a lower cost than its rivals.

According to Pollitt and Bouckaert (2000), a company that succeeds in using the differentiation strategy will no doubt enjoy a competitive edge over rivals. Such a positioning for the firm does have an implication on the performance of such a company because once

there is a perceived superiority of a company's products over others in the market or just some element of uniqueness, customers will go for the product. In the event that this occurs, the sales volumes of the company shall soar. The implication of this is improved financial performance for the company.

In order to enjoy the benefits accrued from value chain, Porter (1985) identified nine value chain primary and support activities within an organization and linked them to the competitive strength of the organization. He argued that the ability to perform these activities and manage the linkages between them is a source of competitive advantage and general corporate success. For instance, if the marketing and sales function delivers sales forecasts for the next period to all other departments in time and in reliable accuracy that procurement will then be able to order the necessary material for the correct date.
Again, if procurement does a good job and forwards order information to inbound logistics then the operations will be able to schedule production in a way that guarantees the delivery of products in a timely and efficient manner as pre-determined by marketing. The synergy and seamless cooperation and well coordinated information flow between the value chain activities eventually contributes significantly to organizational performance (Porter, 1985).

According to Porter (1998), each of the internal value chain activities can be vital to competitive advantage depending on the industry. In any firm, however, all the primary activity categories will be present to some degree (as seen in the retail sector outlets) and play some role in organizational performance. Support activities aid the primary activities and among each other and therefore help to improve effectiveness or efficiency of the primary activities. A number of researchers have opined that the customers of service firms do not buy tangible products or even tangible service products but they buy a result. This end result can only be positive if the internal value chain activities are well managed and linked to enable organizations realize a profit margin. This means that the organization is able to deliver a product or service for which the customer is willing to pay more than the sum of the costs of all activities in the value chain. The support activities that are the major contributors to organizational performance in the retail outlets have been discussed in detail in this study.

The main objective of every firm is to secure the lowest cost for purchases of the highest possible quality. Therefore, procurement costs, if not well managed, may account for a significant portion of the total cost of production. Porter (1998) asserts that improved purchasing practices can strongly and positively affect the cost and quality of purchased

inputs. When well implemented, procurement practices in an organization, forms an efficient, quick and accurate management tool that reduces cycle time and builds reliability thereby impacting positively on an organizational performance. Procurement best practice will seek to lead to improvement in quality and reduction in cost as it improves proper allocation of firm resources, high quality and timely procurement and budgetary saving and increase profitability in the organization.

Technology development refers to the optimal use of technology to improve products, services and their delivery to customers. Technology therefore cuts across both primary and support value chain activities. If well managed, technology can be a powerful source of sustainable performance in the organization. Winter (1995) notes that well managed technology can simultaneously deliver both low cost and high quality goods and services. Information system technology is particularly pervasive in the value chain, since every value activity involves creating, processing and the communication of information. Information technology not only affect the sales side of the organization but also has the potential to influence all primary and support value activities, eventually improving performance if well managed (Porter, 2001).

According to Rayport and Sviokla (1995), managers must continue to oversee a physical value chain, but they must also build and exploit a virtual value chain. To succeed in this new economic environment, management must understand the differences between value creation and extraction in the physical and virtual world: they must manage both effectively and in concert. There are three stages to virtual value chain. The first stage is whereby the managers use large-scale information technology systems to coordinate activities in their physical value chains and in the process lay the foundation for a virtual value chain. In the second stage, companies begin to create a parallel value chain. Lastly, managers draw on the flow of information in their virtual value chain to deliver value to customers in new ways.

Human resource development is another vital support activity that transcends all other activities of the value chain. It is an integral linkage that employs all the primary and support activities to effectively and efficiently attain a stellar performance for the organization. A firm may pursue the differentiation strategy based on innovativeness of its human resource capital. Capon (2008), further notes that the human resource function is concerned with recruiting, managing, training, developing and rewarding staff in a manner that helps the firm achieve

the highest form of competence and enhance performance. Human resource activities impact on motivation, attitude and staff turnover, aspects that are critical to any firm.

A study carried out by Reichheld (1993) proved that a few percent reduction in employee turnover rate may have as a result an increase in profitability by 50%. Pinar and Girard (2008) conducted a survey examining the effect of employee's satisfaction and dedication to the firm on organizational performance. Respondents were asked to agree on a number of statements designed to highlight the employee's satisfaction and dedication of employees to the firm. The results revealed that employee's satisfaction and dedication to the firm lead to improved organizational performance. The above studies were based on value chain model.

Firm infrastructures are activities that are required to perform the value added activities efficiently to drive the organization forward to meet the strategic plan and the objectives. A firm operating in a turbulent environment will require a flexible structure to facilitate development of a value chain good enough to provide a strategic match between the organization and its environment. Firm infrastructure includes the structure, culture and systems. Contrary to the popular belief that infrastructure is basically an overhead, Porter (1998) asserts that it can as well be a powerful source of competitive advantage especially in service sectors where image and business relationships cannot be wished away. Issues of the firms culture, quality control, legal issues and the extent to which the top management is in touch with the customer, are strategic issues.

Urbig (2003) conducted a pilot study to investigate "the implications of the value chain for firm and industry analysis", among selected companies in Berlin. The study revealed that the value chain management practices enables companies' executives to control cost drivers better than the competitors and thus creating above average performance in operational efficiency, profitability, market share, customers' satisfaction, innovations, quality and assets utilization. The study was based on value chain model.

2.5.3 Customer Relationship Management and Organizational Performance

Customers have become crucial for every organization due to the competitive environment, that business operate in. Different buyer-supplier relationships offer different benefits to buyer-firms. Moreover, buyer-supplier relationships change while they develop. Just as a company needs to develop relationships with its supplier, it also needs to foster relationship with its

customers. The desired outcome is a win-win relationship where both parties benefit; leading to increased organization performance (Dawes & Swailes, 1999).

Customer relationship management (CRM) capability is a valuable and relatively difficult to imitate asset for achieving superior performance of the business because it requires a lot of time in developing, managing and upgrading them (Hooley, Greenlay, Cadogan, & Fahy, 2005). The business world is spending huge amount of money for building CRM capabilities but majority of time they fail to attain the desired performance. This is because organizations are unable to use CRM resources to build the capabilities and gain a sustainable competitive edge. As a result there is an intense need to develop capabilities of CRM in order to survive in competition.

The nature of managing successful strategic customer relationships requires both buyer and supplier staff to collaborate on developing ideas that will ultimately grow into innovation and proactivity. It's not simply about the supplier delivering hard tangibles to the requirements of the customer. By disregarding measurement of the qualitative component in the relationship, buyers lose the ability to gain a meaningful competitive advantage. Hence, the customer remains as one of the key component of performance measurement using the Balanced Scorecard Model (Kaplan & Norton, 1992).

To reinforce customer orientation on a day to day basis, a growing number of organizations choose customer satisfaction as their main performance indicator. By using this indicator organizations modify their goods and services as per the preferences of the customers. Customer satisfaction leads to customer retention that ensures business growth and profitability. A satisfied customer: stays loyal longer, buys more as the retailer introduces new products and upgrades existing brands, talks favorably about the retailer and its merchandise, pays less attention to competing brands and advertising and is less sensitive to price. Hence, retailers should pay considerable attention to customer relationship to enhance performance (Kotler & Armstrong, 2006).

The collaborative efforts of value chain members should result in greater trust, commitment, channel efficiency and the achievement of goals, thus leading to higher levels of customer satisfaction. However, situations may exist where the supplier or buyer is forced to collaborate with the other party, despite a lack of trust and/ or commitment. For example, Jeevananda (2011), argue that dissatisfied buyers may remain loyal due to high switching

costs. The costs could lead to dissatisfaction, but if the outcomes of the relationship are good, the parties may still be satisfied with the relationship.

Walter, Muller, Helfert and Ritter (2003) believed that collaboration, adaptation, trust and commitment increase satisfaction for the customer, building loyalty and improve supplier retention through repeated purchases. The decision by customers to re-purchase from the same service provider depends on their past experiences, their perceptions of value from previous service encounters, expectations of the future business relationship and improvements in benefits which will result in increased customer satisfaction and enhanced organization performance.

Dawes and Swailes (1999) stated the need for sustaining long-term relationships between customers and suppliers due to the recent global markets and fierce competition among organizations which force them to adapt and implement new strategies and solutions for the current continuous challenges. Successful customer retention lowers the need for seeking new and potentially risky customers and allows organizations to focus more accurately on the needs of the existing customers by building relationships.

The focus is on creating value for the customer and the organization over the longer term. The benefits of increasing and retaining customers to the organization are higher sales, increased market share and increased stock levels. Moreover, strong relationships between business and customers foster increased profit, improved communication, and an increase in satisfaction, creating loyalty. Thus, organizations that apply CRM enjoy increased length of interaction with customers, decreased time of delivering services to customers and this in turn leads to a decrease in marketing and sales cost (Kim, Suh, & Wang, 2003).

From time immemorial, the importance of customer orientation and its impact on organizational performance has been highlighted in numerous studies. The studies below were based on CRM value chain model. A study conducted by Brady, Cronin and Brand (2002) demonstrated that customer orientation is linked indirectly with organizational quality customer satisfaction and performance of the organization. Another study that had the same objective was conducted by Pinar and Girard (2008) on Turkish companies and found out that there were significant differences between firms characterized by greater orientation towards customers and firms characterized by lower customer orientation. The former category of firms showed higher performance than the latter.

A study by Matt, Tim and John (2007), on how banks retain customers and boost top-line growth demonstrated that banks long-term growth and profitability hinge on their ability to attract and retain loyal customers and key disciplines which they need to master over to become customer-led organizations. The study revealed that the best-performing banks garner the highest marks across the entire spectrum of managing the customer relationship.

2.6 Summary of the Literature Review and Knowledge Gaps

The overall view in the literature review illustrated that well managed supplier and customer relationships, procurement costs, optimal use of technology, effective execution of HR activities and efficient firm infrastructure leads to effective and efficient organizational performance measured in terms of profitability and competitive advantage over a firm's competitors (Kaplinksy & Morris, 2001).

Most of the literature on value chain management practices and organizational performance were mainly theoretical. Firms seeking to have a better cost performance in the industry must strive to cut costs associated with value chain activities, while the ones which wishes to outperform its competitors through quality will have to perform its value chain activities better than them (Capon, 2008). However, a few studies had attempted to examine the linkages in value chain management practices and their contribution to organizational performance.

A study by Rana, Osman and Islam (2014) emphasized more on customer relationship management with a little emphasis on the other key players in the value chain. Another study by Aguko (2014) focused on supplier relationship management and use of technology to enhance value chain operations with little focus on internal value chain activities and customer relationship management. Further the above studies have not focused on the linkages in value chain management practices and their contribution to organizational performance, particularly on the retail outlet sector.

In addition, little research has been undertaken to interrogate the extent to which firms particularly medium and large scale retail outlets in Kenya align their organizational performance to the value chain management practices. This had repercussions for the robustness of the conclusions that can be drawn from the aforementioned literature. This study therefore sought to bridge this knowledge gap by interrogating all the linkages in value

chain management practices and how they influence the organizational performance in the rather neglected service sector of retail outlets. This study will therefore expand the body of knowledge and create an avenue for further research.

2.7 Conceptual Framework

In this study, the independent variable was value chain management practices while the dependent variable was organizational performance. These variables were related as shown in Figure 2.1.

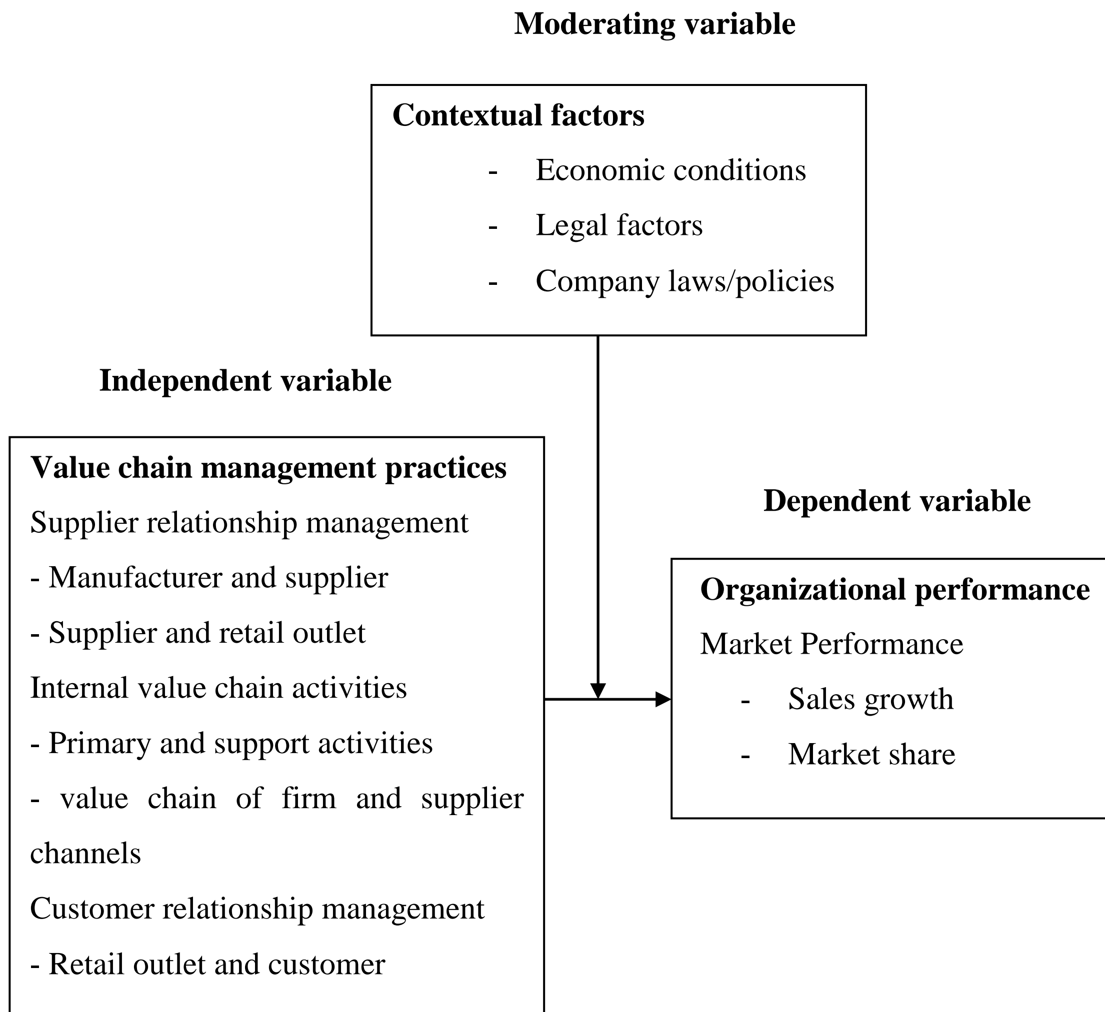

Figure 2. 1: Relationship between Value Chain Management Practices, Contextual Factors and Organizational Performance:

As shown in Figure 2.1, it is expected that efficient value chain management practices in terms of supplier relationship management, internal value chain activities, and customer relationship management would result in high organizational performance in terms of sales growth and market share.

However, these variables are affected by contextual factors such as economic conditions, legal factors and company laws. Value chain management practices namely supplier relationship management, internal value chain activities and customer relationship

management had a direct effect on organization performance, which can affect organization performance positively. Relationships in value chains, that is, customer relationship management and supplier relationship management are characterized by transactions, a vast exchange of information, knowledge, skills and various embedded services for example after sale services. Hence, understanding relationships between members are crucial to enhance organizational performance. For example, how entry barriers are created and how gain and risks are distributed directly impacts performance (United Nations International Labor Organization, 2009).

Urbig (2003) conducted a pilot study to investigate “the implications of the value chain for firm and industry analysis”, among selected companies in Berlin. The study revealed that the value chain management practices enables companies’ executives to control cost drivers better than the competitors and thus creating above average performance in operational efficiency, profitability, market share, customers’ satisfaction, innovations, quality and assets utilization.

Contextual factors namely legal factors, economic conditions and company laws can limit the opportunities for organizations to benefit from adopting a value chain management business approach, hence, limit the competitiveness of individual businesses (Marston, 2008). Countries have legal bodies that ensure the value chain players adhere to legal laws within which the companies operate to achieve their objectives and sustained organization performance. In Kenya for instance, Consumer Federation of Kenya (COFEK) defends, promotes, develops and regulates consumer rights as guided by the Kenyan constitution and makes it possible for the consumer to get the value for money. One of the most cited studies belongs to Gompers, Ishi and Metrick (2003). They built an index for measuring legal laws using a sample of 1,500 US firms in the 90s. The study demonstrated the existence of a positive relationship between the quality of legal laws and firm performance.

Organization performance indicator, that is, market performance (sales growth, market share) was affected by the prevailing economic conditions. The state of the economy of a country (expansion or contraction) determines the setting of the prices of goods and services (low or high), which in turn affects organization performance (Narain & Singh, 2012). Finally, company law and policies assists participants in the value chain to fulfill required rules and regulations. In Japan, Bauer et al. (2008) using the database provided by GMI, showed that companies operating under favorable economic conditions, legal factors and better company

laws and policies are more efficient than those operating in harsh economic conditions, legal factors and weaker company laws and policies by upto 50% annually.

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides insight into the research design adopted, the target population studied, the sample size used, data collection methods employed and data analysis techniques or tools used when organizing and analyzing the data.

3.2 Research Design

The study employed explanatory research design. The design was useful because it was used to determine cause and effect relationships between variables and make predictions about the variables under study. The study adopted a cross-sectional census survey in that data was collected over a short period from the entire population (Mugenda & Mugenda, 2003).

3.3 Target Population

The population of the study comprised of 43 medium and large scale retail outlets in Nakuru County, Kenya. According to Kibera (2007), the criteria used to determine the size of a firm are capital, sales turnover or number of employees but recommends the use of number of employees' criteria as it was information which was readily available to researchers. According to Kibera (2007), the sizes of firms in Kenyan context were classified as micro firms (below 10 employees), small firms (11-50 employees), medium firms (51-100 employees) and large firms (above 100 employees). Therefore, the population of this study comprised of retail outlets which employed above 51 employees.

There are 43 medium and large scale retail outlets in Nakuru County (County Government of Nakuru, 2017). Given their small number, all the retail outlets were studied through a census. This focused on the managers of the retail outlets (Appendix II). The list of the firms in the study was identified from the County Government of Nakuru because the Ministry of Finance and Economic Planning maintains records of all businesses in the county.

3.4 Data Collection

The study used primary data. Primary data consists of original data gathered by the researcher for the specific purpose of the study at hand (Mugenda & Mugenda, 2003). The data was collected by use of a structured questionnaire that was administered by drop and pick method. The close-ended questions provided more structured response to facilitate tangible recommendations. The questionnaire was in the form of Likert scale of 1 to 5. The unit of

analysis was the firm and data was collected at the firm level. For each firm, one respondent filled in a questionnaire. The respondent was the manager of the retail outlets conversant with the organization's value chain management practices and performance.

3.5 Measurement of Variables

In this study, the independent variable was value chain management practices while the dependent variable was organizational performance. Borrowing from literature review (Porter, 1985), value chain management practices was measured in terms of supplier relationship management, internal value chain activities and customer relationship management as conceptualized by (Suhong, Nathan, Nathan, & Rao, 2004). A five point Likert scale ranging from strongly disagree (1), disagree (2), neutral (3), agree (4) and strongly agree (5) was used to measure the independent variable. A five point Likert scale ranging from very much decreased (1), decreased (2), not changed (3), increased (4) and very much increased (5) was used to measure the dependent variable. Organization performance was measured in terms of sales growth and market share. These were also be borrowed from (Suhong, Nathan, Nathan, & Rao, 2004).

3.6 Validity and Reliability of Research Instrument

3.6.1 Validity

Somekh and Cathy (2005) argue that validity refers to the degree by which the sample of test items represents the content the test is designed to measure. If such data is a real reflection of the variables, then the inferences based on the data is accurate and meaningful. The normal procedure in assessing the content validity of a measure is to use a professional in a specific field (Mugenda & Mugenda, 2003). Content validity of the instrument was assessed with the help of the experts in the Faculty of Commerce, Egerton University. This facilitated the necessary revision and modification of the research instrument thereby increasing reliability.

3.6.2 Reliability

Devellis (1991) defines reliability as the extent to which the measurement is random error-free and produces similar results on repeated trials. It also refers to consistency of scores attained through the same test on various occasions, or with various sets of equivalent items or under other variables examining conditions. Cronbach reliability coefficient was used for this study because it aided to establish the internal consistency of the responses. It was also used to ascertain the reliability of factors extracted from the Likert scale in the questionnaire because it determined the internal consistency or average correlation in a survey instrument.

Cronbach alpha is a coefficient of internal consistency used as an estimate of reliability and it ranges in values from 0-1. If Cronbach alpha coefficient is above 0.7, then the instrument is considered to be reliable (Nunnaly, 1978).

Table 3.1: Reliability Statistics

Overall Reliability Statistics		
Cronbach's Alpha	**Number of Items**	
.797	**19**	
Cronbach's Alpha Coefficients for the Measurement Scales for the Constructs		
Variable	**Number of items**	**Alpha (α)**
Internal value chain activities	4	0.755
Supplier relationship management	6	0.760
Customer relationship management	5	0.763
Organizational performance	4	0.794

As shown in Table 3.1, all the research constructs had alpha coefficients of above 0.7. The overall Cronbach's Alpha coefficient was 0.797. Overall, the instrument met the recommended threshold of 0.7 (Nunnaly & Bernstein, 1994) and thus was considered reliable.

3.7 Data Analysis

The data was collected from the field, edited and coded to ensure completeness and accuracy. The data was entered using Statistical Package for Social Sciences (SPSS version 17). Data that was obtained from the research questionnaire was summarized using descriptive statistics such as percentages, mean and standard deviation. Before testing the hypotheses, correlation analysis between supplier relationship management, internal value chain activities, customer relationship management and organizational performance. To test hypothesis HA_1, HA_2 and HA_3 simple regression model was used.

To test hypothesis HA_1, simple regression model was used:

$Y = a + \beta_1 X_1 + \varepsilon$

Where:

Y = dependent variable (organizational performance)

a = constant

X_1 = supplier relationship management

β_1= regression coefficient

ε = error term

To test hypothesis HA_2, simple regression model was used:

$Y = a + \beta_2 X_2 + \varepsilon$

Where:

Y = dependent variable (organizational performance)

a = constant

X_2 = internal value chain activities

β_2= regression coefficient

ε = error term

To test hypothesis HA_3, simple regression model was used:

$Y = a + \beta_3 X_3 + \varepsilon$

Where:

Y = dependent variable (organizational performance)

a = constant

X_3 = customer relationship management

β_3= regression coefficient

ε = error term

To test hypothesis HA_4, multiple regression model was used:

$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$

Where:

Y = dependent variable (Organizational Performance)

a = constant

X_1 = supplier relationship management

X_2 = internal value chain activities

X_3 = customer relationship management

β_1 - β_4 = regression coefficients

ε = error term

CHAPTER FOUR
RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents results and discussion of findings as set out in the research methodology. It expounds on the findings of the researcher after employment of an interview guide, questionnaires, review of publications and reports to collect and evaluate data based on objectives of the study.

4.2 Descriptive Statistics

This section presents and discusses results of response rate and profile of organizations. It also presents the analysis of the results of the study variables.

4.2.1 Response Rate

To collect the required data for the research a total of 43 research questionnaires were sent out; Out of which 38 were returned. The response rate for the questioners was 88% whereby 38 out of the 43 had been correctly filled and the researcher deemed it fit to use them since they were adequate in realization of the study objectives. According to Mugenda and Mugenda (1993) a response rate of more than 80% is sufficient for the study.

In addition, data collected from the field had been sorted and analyzed using statistical package for social sciences (SPSS) software. Results had been presented in tables and figures to highlight major findings. Results had been presented sequentially according to research questions of the study. Mean scores, standard deviations and regression analyses had been used to analyze data collected. Finally, raw data had been coded, evaluated and tabulated to depict clearly the results.

4.2.2 Profile of Organization

The demographic information obtained from the retail outlets included the duration of operation in Nakuru County, the number of employees in the company and the area (market served) of operation. The demographics were well represented in the Table 4.1.

Table 4.1: Profile of Organization

Number of years in operation		
Years	Frequency	Percentage
Less than 5 years	8	21.1
5 to 10 years	11	28.9
11 to 15 years	10	26.3
16 to 20 years	9	23.7
Total	38	100.0
Number of employees in Firm		
Retail Outlets	Frequency	Percentage
Medium	28	73.7
Large	10	26.3
Total	38	100.0
Market Served by Organization		
	Frequency	Percentage
Local(Nakuru County)	14	36.8
National	22	57.9
International	2	5.3
Total	38	100.0

Number of years in operation aided the researcher to know how long the companies had participated in value chain activities; thus, determined how effective and vast the companies would provide relevant information about the study. According to Table 4.1, most organizations had been in operation in the county for more than 5 years. The study showed that 21.1% of the organizations had been in the county for less than 5 years. The number of organizations that had been in the county between 5 to 10 years is 28.9%, while 26.3% of organizations had been in Nakuru County between 11 to 15 years. 23.7% of the organizations had been operating in the county for 16 years and above. The above findings indicated that majority of the companies had been in operation for a considerable period of time to effectively measure the value chain activities and their effects in organization performance.

Number of employees in the company aided the researcher categorize the company that was either medium or large retail outlet: which was directly proportional to the complexity of value chain activities in the company. From Table 4.1 it was evident that most organizations had employed between 51 to 100 employees. More than 73.7% of the organizations in the study had employed between 51 to 100 employees hence medium retail outlets while only 26.3% of the organizations had more than 100 employees hence large retail outlets. The above findings indicated that majority of the companies in Nakuru County were medium retail outlets.

Markets served aided the researcher know the area of operation of the company. In relation to Table 4.1 most organizations served both the county and operated nationally. It was evident that 94.7% of the organizations operate in the country whereby 36.8% serve Nakuru County exclusively. The study also showed that only 5.3% of the organizations serve international markets. The above findings indicated that majority of the companies operated nationally.

4.2.3. Supplier Relationship Management

The study examined supplier relationship management in the companies. The respondents were asked to rate the extent to which supplier relationship fits the situation in their companies using a likert scale, where 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree. Table 4.2 showed the research findings.

Table 4.2: Supplier Relationship Management

Supplier Relationship Management Items	N	Mean	Std. deviation
We regularly solve problems jointly with our customers	38	4.13	.77707
We consider quality as number one criterion in selecting suppliers	38	4.26	.44626
We have a continuous improvement programs that include our key suppliers	38	3.76	.67521
Actively involve our key suppliers in new product developments	38	3.34	.66886
Include key suppliers in our planning and goal setting activities	38	3.68	.52532
We regularly measure our suppliers contributions to our profitability	38	4.47	.50601
Valid N (listwise)	38		

According to Table 4.2, the respondents indicated that they regularly solved problems jointly with suppliers. The mean of agreement with the statement was 4.13, this showed that the highest number of respondents agreed and strongly agreed with the statement. It was evident from the results that no respondent disagreed with the statement. The mean for quality as the main criteria in selecting suppliers was 4.26 indicating that all the respondents either agreed or strongly agreed that quality was key in selecting suppliers.

The respondents indicated that they had continuous improvement programs that included their key suppliers. The mean of agreement was 3.76; which showed that no respondent disagreed with the statement. In terms of including supplier in product development, the results showed that the level of agreement was high whereby mean was 3.34. The respondents agreed that they include key suppliers in planning and goal setting activities whereby mean was 3.68. According to the results, no respondent disagreed with including suppliers in goal creating although some of the respondents were neutral. A high number of

respondents strongly agreed in regularly measuring supplier's contribution to the organizations profitability.

The results showed that the organizations regularly solved problems jointly with the suppliers. Solving problems that arose in the organization that impacted on the suppliers or caused by suppliers was important in any organization that minded the wellbeing of the business. Quality was a very important aspect in any organization. The results showed that the outlets always looked at the quality of services or products from the suppliers before selecting them.

It was evident from the results that the outlets included suppliers in a continuous improvement programs. Since product development was important, the respondents agreed in including suppliers in the process. The results also showed that the outlets included their suppliers in goal creation. Supplier contribution in the organization's profit had been measured in the organizations to ensure they meet their desired targets.

4.2.4 Internal Value Chain Activities

The study examined internal value chain activities in the companies. The respondents were asked to rate the extent to which internal value chain activities fits the situation in their companies using a likert scale, where 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree. Table 4.3 showed the research findings.

Table 4.3: Internal Value Chain Activities

Internal Value Chain Activities Items	N	Mean	Std. deviation
We strive to differentiate our value chain activities	38	4.05	.77110
We explore opportunities of employing new technologies in value chain activities	38	4.08	.68928
We have a continuous improvement programs that include our key suppliers	38	4.61	.47408
Actively involve our key suppliers in new product developments	38	4.11	.63616
Valid N (listwise)	38		

As shown in Table 4.3, the outlets strived to differentiate internal value chain activities whereby mean was 4.05. The results further showed that the outlets explored opportunities of employing new technologies in value chain activities whereby mean was 4.08. The outlets strived to minimize cost in the internal value chain activities whereby mean was 4.61.

Ultimately, the results indicated that internal value chain activities were linked and mean was 4.11.

According to the results, it can be concluded that the outlets always strived in differentiating their value chain activities from the competition and incorporated the activities that are essential for the outlets. The organizations always explore opportunities of employing new technologies in value chain management practices. It was evident that the outlets strived to minimize cost in internal value chain activities. It was important for an organization to

4.2.5 Customer Relationship Management

The study examined customer relationship management in the companies. The respondents were asked to rate the extent to which customer relationship management fits the situation in their companies using a likert scale, where 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree. The table below showed the research findings.

Table 4.4: Customer Relationship Management

Customer Relationship Items	N	Mean	Std. deviation
We frequently measure and evaluate customers satisfaction	38	4.00	.77110
We promptly respond to customers problems suggestions and complaints	38	3.89	.68928
We have different marketing patterns for target customers	38	4.21	.47408
We offer after sale service to our customers	38	4.03	.63616
We actively provide discount for loyal customers	38	4.18	.60873
Valid N (listwise)	38		

According to Table 4.4, the respondents frequently measured and evaluated customers' satisfaction and mean was 4.00. The results showed that the outlets promptly responded to customers' problems, suggestions and complaints whereby mean was 3.89. The organizations had different marketing patterns for target customers and mean was 4.21. The outlets offered after sale service to their customer whereby mean was 4.03. The results showed that the organizations actively provided discount for loyal customers and mean was 4.18.

4.2.6 Organizational Performance

The study examined organization performance aspect change in the companies for the last three years. The respondents were asked to rate the extent to which organization performance aspect change in their companies using likert scale, where 1 = very much decreased, 2 = decreased, 3 = no change, 4 = increased, 5 = very much increased.

Table 4.5: Organizational Performance

Organization Performance Items	N	Mean	Std. deviation
Sales Growth	38	4.11	.55941
Market Share	38	4.29	.69391
Valid N (listwise)	38		

According to Table 4.5 the respondents indicated that the number of sales had gone up whereby mean was 4.11. The mean indicated that most of the retail stores had increased the number of sales it their retail outlets. The market share of most of the retail outlets had increased significantly, whereby mean was 4.29. It is evident that the market share of most retail outlets in the last three years had increased.

In relation with the results, it can be concluded that the number of sales of most of the retail outlets in the county had increased. Most of the respondents were confident that the number of sales made in the last three years had increased. The market share of the retail outlets had increased in the last three years whereby most of the outlets serve the people of the county and the nation at large.

4.3 Correlation Analysis

Before testing hypotheses, the study sought to examine how the variables of the study: supplier relationship management, internal value chain activities, customer relationship management and organizational performance were related. The analysis was done using Pearson's correlation matrix. The results of the analysis are presented in Table 4.6.

Table 4.6: Correlation Matrix for Supplier Relationship Management, Internal Value Chain Activities, Customer Relationship Management and Organizational Performance

		Supplier Relationship Management	Internal Value Chain Activities	Customer Relationship Management	Organizational Performance
Supplier Relationship Management	Pearson Correlation	1	.653**	.267**	.779**
	Sig.(1 Tailed)		.000	.002	.000
	N	38	38	38	38
Internal Value Chain Activities	Pearson Correlation	.653**	1	.412**	.855**
	Sig.(1 Tailed)	.000		.001	.000
	N	38	38	38	38
Customer Relationship Management	Pearson Correlation	.267**	.412**	1	.843**
	Sig.(1 Tailed)	.002	.001		.000
	N	38	38	38	38
Organizational Performance	Pearson Correlation	.779**	.855**	.843**	1
	Sig.(1 Tailed)	.000	.000	.000	
	N	38	38	38	38

**. Correlation is significant at the 0.05 level (1-tailed).

The results in Table 4.6 indicated that there was a positive significant relationship between supplier relationship management and organizational performance ($r = 0.779$, $p < 0.05$). The results also show that there was a positive significant relationship between internal value chain activities and organizational performance ($r = 0.855$, $p < 0.05$). Further, the results in Table 4.6 indicated that there was a positive significant relationship between customer relationship management and organizational performance ($r = 0.843$, $p < 0.05$).

4.4 Test of Hypotheses

4.4.1 Supplier Relationship Management and Organizational Performance

The study sought to examine the effect of supplier relationship management on organizational performance. It was hypothesized (Hypothesis HA_1) that supplier relationship had a positive effect on organizational performance. Data was analyzed using simple regression analysis and the results were presented in Table 4.7.

Table 4.7: Simple Regression Results for Effect of Supplier Relationship Management on Organizational Performance

Model Summary[b]				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.622[b]	.329	.320	.26217

Model in Table 4.7 showed effect of supplier relationship management on organizational performance. The model showed that R Square was 0.329, which showed that 32.9 % of the variation in organizational performance was explained by supplier relationship management.

ANOVA[a]					
Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	1.763	1	1.763	3.108	.041[a]
Residual	19.407	36	.342		
Total	20.810	37			

The ANOVA demonstrated test for the effect of supplier relationship management on organizational performance. The ANOVA results showed that the model was significant ($F = 3.108$, $P < 0.05$).This indicated that the supplier relationship management had a positive significant effect on organizational performance.

Coefficients[a]					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	4.885	.268		3.853	.000
Supplier relationship Management	.625	.173	.528	1.944	.026

a. Predictors: (constant), supplier relationship management

b. Dependent variable: organization performance

From the standardized coefficients in the Table 4.7, the effect of supplier relationship management on organizational performance is positive and significant ($\beta = 0.528$, $t = 1.944$, $p < 0.05$). Hence, the data supported the hypothesis that supplier relationship management had a positive effect on organizational performance.

These findings were consistent with Wachira (2013) findings that affirm positive significant relationship between supplier relationship management and firm's performance. According to Wachira (2013) study on supplier relationship and organizational performance on alcoholic beverage industry in Kenya, it was alluded that adopting collaboration relationships with suppliers positively contribute to competitive advantage, value creation and performance.

4.4.2 Internal Value Chain Activities and Organizational Performance

The study sought to examine the effect of internal value chain activities on organizational performance. It was hypothesized (Hypothesis HA_2) that internal value chain activities had a positive effect on organizational performance. Data was analyzed using simple regression analysis and the results were presented in Table 4.8.

Table 4.8: Simple Regression Results for Effect of Internal Value Chain Activities on Organizational Performance

Model Summary[b]				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.574[a]	.386	.378	.25637

Model in Table 4.8 showed effect of internal value chain activities on organizational performance. The model showed that R Square was 0.386, which showed that 38.6% of the variation in organizational performance was explained by internal value chain activities.

ANOVA[a]					
Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	1.964	1	1.964	0.929	.038[b]
Residual	18.514	36	.283		
Total	20.478	37			

The ANOVA demonstrated test for the effect of internal value chain activities on organizational performance. The ANOVA results showed that the model was significant (F = 0.929, P < 0.05).This indicated that the internal value chain activities had a positive significant effect on organizational performance.

Coefficients[a]					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	4.885	.268		3.853	.000
Internal value chain Activities	.786	.341	.641	2.131	.015

a. Predictors: (constant), internal value chain activities

b. Dependent variable: organization performance

From the standardized coefficients in the Table 4.8, the effect of internal value chain activities on organizational performance is positive and significant ($\beta = 0.641$, $t = 2.131$, $p < 0.05$). Hence, the data supported the hypothesis that: internal value chain activities had a positive effect on organizational performance.

These findings were consistent with observations of Porter (1985) that highlights internal value chain activities of the firm as building blocks by which firms deliver products to the customer, earn profit/margins as well as develop advantages over rivals. These activities do not operate in isolation but in a cohesive manner as an interdependent system which is related to each other through linkages. Internal value chain activities and linkages together lead to

the competitive advantage and sustained performance through optimization and coordination. This reduces cost or enhances differentiation.

4.4.3 Customer Relationship Management and Organizational Performance

The study sought to examine the effect of customer relationship management on organizational performance. It was hypothesized (Hypothesis HA_2) that customer relationship had a positive effect on organizational performance. Data was analyzed using simple regression analysis and the results were presented in Table 4.9.

Table 4.9: Simple Regression Results for Effect of Customer Relationship Management on Organizational Performance

Model Summary[b]				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.473[a]	.224	.221	.41753

Model in Table 4.9 showed effect of customer relationship management on organizational performance. The model showed that R Square was 0.224, which showed that 22.4% of the variation in organizational performance was explained by customer relationship management.

ANOVA[a]					
Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	1.474	1	1.474	2.173	.029[b]
Residual	18.762	36	.354		
Total	20.256	37			

The ANOVA demonstrated test for the effect of customer relationship management on organizational performance. The ANOVA results showed that the model was significant ($F = 2.173$, $P < 0.05$).This indicated that the customer relationship management had a positive significant effect on organizational performance.

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
1	B	Std. Error	Beta		
(Constant)	4.885	.268			
Customer relationship	.596	.197		3.853	.000
Management			.382	1.501	.042

a. Predictors: (constant), customer relationship management

b. Dependent variable: organization performance

From the standardized coefficients in the Table 4.9, the effect of customer relationship management on organizational performance is positive and significant ($\beta = 0.382$, $t = 1.501$, $p < 0.05$). Thus, the data supported the hypothesis that customer relationship management had a positive effect on organizational performance.

These findings were consistent with Kaplan and Norton (1992) findings that customer is one of the key element of performance measurement using the Balanced Scorecard Model due to the competitive environment that business operate in. Just as a company needs to develop relationships with its supplier, it also needs to foster relationship with its customers. The desired outcome is a win-win relationship where both parties benefit; leading to increased organization performance.

4.5 Supplier Relationship Management, Internal Value Chain Activities, Customer Relationship Management and Organizational Performance

The study sought to establish the joint effect of supplier relationship management, internal value chain activities and customer relationship management on organizational performance. It was hypothesized (HA_4) that supplier relationship management, internal value chain activities and customer relationship management had a positive effect on organizational performance. The hypothesis was tested using multiple regression analysis.

Table 5.0: Multiple Regression Results for Effect of Supplier Relationship Management, Internal Value Chain Activities and Customer Relationship Management on Organizational Performance

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.081[a]	.777	.753	.32961

ANOVA[a]

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	6.604	13	.440	10.827	
Residual	14.373	24	.532		
Total	20.977	37			

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std. Error	Beta		
(Constant)	4.885	.268		3.853	.000
Supplier Relationship Management	.625	.173	.528	1.944	.026
Internal Value Chain Activities	.786	.341	.641	2.131	.015
Customer Relationship Management	.596	.197	.382	1.501	.042

a. Predictors: (Constant), supplier relationship management, internal value chain activities, customer relationship management

b. Dependent Variable: Organizational performance

Model in Table 5.0 showed effect of supplier relationship management, internal value chain activities and customer relationship management on organizational performance. The model showed that R Square is 0.777, which showed that 77.7% of the variation in organizational performance was explained by the supplier relationship management, internal value chain activities and customer relationship management.

The ANOVA demonstrated test for the supplier relationship management, internal value chain activities and customer relationship management on organizational performance. The ANOVA results showed that the model was significant ($F = 10.827$, $P < 0.05$).This indicated that the combined dimensions of value chain management practices; supplier relationship management, internal value chain activities and customer relationship management had a positive significant effect on performance. Hence, the results support hypothesis HA_4 which stated that supplier relationship management, internal value chain activities and customer relationship management jointly had a positive effect on organizational performance.

From the standard coefficients in the table 5.0, internal value chain activities had the greatest effect on organizational performance which was positive and significant ($\beta = 0.641$, $t = 2.131$, $p < 0.05$), followed by the effect of supplier relationship management on Organizational performance which was positive and significant ($\beta = 0.528$, $t = 1.944$, $p < 0.05$), and the customer relationship management had least effect on organizational performance which was positive and significant ($\beta = 0.382$, $t = 1.501$, $p < 0.05$).

The findings of this study are consistent with observations of Porter (1985) that highlights factors which impacted organizational performance and value chain management practices in organizations. They include linkages, interrelationships, location and timing. Value chain is not a collection of independent activities, but rather interconnected internal value chain activities through linkages and interrelationships which are the primary means of achieving competitive advantage and sustained performance.

The findings are consistent with Ghonar (2015) study which demonstrated that value chain management practices impact a firm’s performance. Ghonar (2015) concluded that organizations that carry out value chain management practices in their organizations often enjoy improved performance in terms of higher profits, better responsiveness in the market, long-term market dominance and long-term competitive advantage.

Aguko (2014) demonstrated that an ideal measure must take into account information on both historical organization performance and future organization performance expectations which depend on the actions recently to create strategic alternatives and opportunities. Therefore, the value of the opportunities created relates to past actions and, accordingly, this value should be included in a performance measure as the risk adjusted present value of the opportunities.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter comprises of the summary of findings, conclusion and recommendations of the study. The chapter discusses summary of findings regarding the research objectives, hypotheses and conclusions of the study. Finally, the chapter discusses implications of the study to management theory and practice and directions for further research.

5.2 Summary of Findings

The first objective of the study was to determine the effect of firm supplier relationship on organizational performance. The findings revealed a positive significant relationship between supplier relationship management and organizational performance. Thus Hypothesis HA_1 was supported. Regarding supplier relationship management, the findings of the study revealed that supplier relationship management aided the organizations to sort and maintain best products in the market. The medium and large scale retail outlets stressed that supplier relationship management aided them to develop new high quality products in the market. The firms recognized that including suppliers in improvement programs, planning and goal setting activities was important for a firm to reach its objectives.

The second objective of the study was to determine the effect of internal value chain activities on organizational performance. The findings revealed a positive significant relationship between supplier relationship management and organizational performance. Thus Hypothesis HA_2 was supported. Regarding internal value chain activities, the findings of the study revealed that internal value chain activities do not operate in isolation but in a cohesive manner as an interdependent system which was related to each other through linkages. Internal value chain activities and linkages together lead to the competitive advantage and sustained performance through optimization and coordination. This reduced cost or enhanced differentiation.

The third objective of the study was to determine the effect of customer relationship on organizational performance. The findings revealed a positive significant relationship between customer relationship management and organizational performance. Thus Hypothesis HA_3 was supported. Regarding customer relationship management, the findings of the study revealed that customers have become crucial for every organization due to the competitive

environment that businesses operate in. Just as a company needs to develop relationships with its supplier, it also needs to foster relationship with its customers. The desired outcome is a win-win relationship where both parties benefit; leading to increased organization performance.

The fourth objective of the study was to establish the joint effect of firm supplier relationship management, internal value chain activities and customer relationship management on organizational performance. The corresponding hypothesis was tested using multiple regression analysis. The regression results showed that the combination of supplier relationship management, internal value chain activities and customer relationship management explained a greater variance in organizational performance, than the variance explained by internal value chain activities alone. Therefore, Hypothesis HA_4 was supported.

5.3 Conclusion

The overall objective of this study was to determine the effect of value chain management practices on performance of medium and large scale retail outlets in Nakuru County. The specific objectives were to: determine the effect of firm supplier relationship management on organizational performance; determine the effect of internal value chain activities on organizational performance; determine the effect of customer relationship management on organizational performance; and establish the joint effect of firm supplier relationship management, internal value chain activities and customer relationship management on organizational performance.

The results of the study revealed that medium and large-scale retail outlets in Nakuru County practice value chain management practices to a greater extent. The finding of the study led to the following conclusions:

The results of the first objective of the study also revealed that supplier relationship had a positive significant relationship on organizational performance since adopting collaboration relationships with suppliers positively contributed to competitive advantage, value creation and performance.

The results of the second objective of the study also revealed that there was linkage between internal value chain activities and organizational performance of medium and large-scale retail outlets in Nakuru County. Internal value chain activities was positively related to the organizational performance of retail outlets. The finding confirmed that internal value chain

activities were crucial in enhancing organizational performance. Hence, higher levels of internal value chain activities would result in higher levels of organizational performance.

The results of third objective of the study also revealed that customer relationship management had a positive significant relationship on organizational performance since a company needs to develop relationships with its supplier; it also needs to foster relationship with its customers. The desired outcome was a win-win relationship where both parties benefited; leading to increased organization performance.

The results of the fourth objective showed that the joint effect of firm supplier relationship management, internal value chain activities and customer relationship management on organizational performance was greater than the effect of internal value chain activities alone. This showed that synergizing firm supplier relationship management, internal value chain activities and customer relationship management initiatives achieved a greater effect on organizational performance than that of internal value chain activities alone.

5.4 Recommendations of the Study

This study was based on the resources-based view theory to determine effect of firm supplier relationship management, internal value chain activities and customer relationship management on organizational performance respectively. It also used resources-based view theory to determine the joint effect of these dimensions of value chain management practices on organizational performance. The findings of the study conducted in medium and large-scale retail outlets in Nakuru County had various implications for strategic management theory and management policy and practice explained below.

5.4.1 Recommendations for Management Policy and Practice

This study had implications to management policy and practice. First, the study confirmed a positive significant relationship between internal value chain activities and organizational performance. In order to create a competitive advantage and sustained improved performance, medium and large scale retail outlets need to focus on their internal value chain activities and manage the linkages between them.

The study further recommended that the top management in medium and large scale retail outlets should provide for information sharing between their organization and their suppliers so as to have the right information in regard to what their customers need. Thereafter, respond adequately to the customer requirements, coordinate internal processes better and

offer better customer service which would lead to improved revenues and properly guided capacity planning.

Lastly, the results showed that the effect of firm supplier relationship management, internal value chain activities and customer relationship management have a greater impact on organizational performance than the effect of internal value chain activities on organizational performance alone. This implied that to enhance organizational performance, managers need to integrate all dimensions of value chain management practices into a cycle that will encourage repeat processes that will lead to long term sustainable performance. Managers should spearhead this initiative through creating an organizational culture of continuous improvement that supports value chain management practices.

5.4.2 Recommendations for Further Research

The study employed a cross-sectional census survey in that data was collected over a short period from the entire population. The study also employed explanatory research design. The design was useful because it was used to determine cause and effect relationships between variables and make predictions about the variables under study. Cross-sectional census survey and explanatory research design face limitations in determining other casual relationships that may affect study since perceptions vary over time. Thus, future research should employ longitudinal research design in data collection to improve comprehension of linkages between study variables and casual relationships in the study.

Future research should broaden the conceptualization of the resources-based view theory to include other theories that may give depth to the study. There is also need to cover other factors (scale, capacity utilization, vertical intergration, learning, policy decisions and government regulations) related to value chain management practices that can impact on organizational performance to a larger extent since the factors used in this study can only explain 77.7% of the increase in performance.

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APPENDICES

Appendix I : Questionnaire

Section A: Organizational Characteristics

Please provide the following information regarding your organization

1. Name of company………………………………………………
2. Job position of the respondent ……………………………
3. Please tick as appropriate to indicate how long your organization has been in operation in Nakuru County, Kenya.

   Below 5 years ☐ 5-10 years ☐ 11-15 years ☐ 16-20 years ☐
4. How many employees are in this company?

   Between 51-100 ☐ above 100 ☐
5. Markets served:

   I. Local (Nakuru County)…………………….

   II. National…………………………………….

   III. International………………………………..

Part II: Value Chain Management Practices

6. Please indicate the degree of agreement or disagreement with the following statements by ticking the choice that fits the situation in your company best using the key where 1 =Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree.

	Statement	SD	D	N	A	SA
a)	**Supplier Relationship Management**					
i.	We regularly solve problems jointly with our suppliers.	1	2	3	4	5
ii.	We consider quality as our number one criterion in selecting suppliers.	1	2	3	4	5
iii.	We have a continuous improvement programs that include our key suppliers.	1	2	3	4	5
iv.	We actively involve our key suppliers in new product development.	1	2	3	4	5
v.	We include our key suppliers in our planning and goal setting activities.	1	2	3	4	5
vi.	We regularly measure our suppliers' contributions to our profitability.	1	2	3	4	5
b)	**Internal Value Chain Activities**					
i.	We strive to differentiate our value chain activities	1	2	3	4	5
ii.	We explore opportunities of employing new technologies in our value chain activities.	1	2	3	4	5
iii.	We strive to minimize cost in our value chain activities.	1	2	3	4	5
iv.	Our Value Chain Activities are linked.	1	2	3	4	5
c)	**Customer Relationship Management**					
i.	We frequently measure and evaluate customers' satisfaction.	1	2	3	4	5

ii.	We promptly respond to customers' problems, suggestions and complaints.	1	2	3	4	5
iii.	We have different marketing patterns for target customers.	1	2	3	4	5
iv.	We offer after sale service to our customers.	1	2	3	4	5
v.	We actively provides discount for loyal customers.	1	2	3	4	5

Part III: Organizational Performance

For each of the following aspects of performance, indicate the change in the aspects for the last three years using the key where 1=very much decreased (VMD), =2 decreased (D) 3=no change (NC), 4= increased (I), 5= very much increased (VMI).

	Organizational Performance	**VMD**	**D**	**NC**	**I**	**VMI**
	Market Performance					
i.	Sales Growth	1	2	3	4	5
ii.	Market Share	1	2	3	4	5

Appendix II: Medium and Large Scale Retail Outlets in Nakuru County

1. Bawari Stores (Naivasha- Moi Road)
2. Charles O. Machungu Hardware (Nakuru East- Geoffrey Kamau)
3. Choppies Supermarket (Nakuru East)
4. Chuma Mart Limited (Nakuru West- Shabaab)
5. C.K. Patel Hardware (Nakuru East- Kenyatta Lane)
6. Elburgon Bidii Stores
7. Elephant Hardware Stores Limited (Njoro- Posta)
8. Ereto Bookshop (Nakuru East- Kenyatta Avenue)
9. Gilanis Supermarket
10. Home Budget Supermarket (Molo)
11. Hygienic Supermarket
12. Jamaa Supermarket (Naivasha- Chotara Road)
13. Kanini Enterprises (Nakuru Town)
14. Mache Hardware (Nakuru Town)
15. Moses Gikonyo Ndungu Hardware (Gilgil- Syndicate)
16. Naivas Supermarket
17. Hotel Kunste
18. Ole Ken Hotel
19. Naivasha Self Service (Naivasha- Chotara)
20. Nakumatt West Side Supermarket
21. Nilkanthvarni Hardware Limited (Nakuru West-Shabaab)
22. Patmatt Bookshop (Nakuru East- Kenyatta Avenue)
23. Nuru Palace Hotel
24. Quickmart Limited (Nakuru East- Shirikisho Way)
25. Rivanas Holdings (Nakuru West- Kanu Street)
26. Ruby Hardware Limited (Nakuru West- Shabaab)
27. Society Stores (Naivasha- Mbaria Kaniu)
28. Stagematt Supermarkets (Nakuru East-Biashara)
29. Sumkam (Njoro)
30. Super Bargains Glass and Hardware (Nakuru Town)
31. Tiles and Home Appliances Nakuru Limited (Nakuru West-Shabaab)
32. Timber Craft East Africa Limited (Nakuru West- London)
33. Tuskys Supermarket

34. Bontana Hotel
35. Cathy Hotel
36. Merica Hotel
37. Eagle Palace Hotel
38. Uchumi Bidii Stores (Molo)
39. Legacy Hotel
40. Vision Mart Limited
41. West End (Elburgon)
42. Hotel Waterbuck
43. Wool Matt Supermarket

(County Government of Nakuru, Ministry of Finance and Economic Planning, 2017)