



**ADDIS ABABA UNIVERSITY
SCHOOL OF COMMERCE
GRADUATE STUDIES DEPARTMENT OF LOGISTICS AND
SUPPLY CHAIN MANAGEMENT**

**THE EFFECT OF SUPPLY CHAIN MANAGEMENT PRACTICES ON
ORGANIZATIONAL PERFORMANCE: IN THE CASE OF AWASH
WINE S.C, ETHIOPIA**

**A Thesis Submitted to Addis Ababa University School of Commerce for the
Partial Fulfillment of the Degree of Masters of Arts in Logistics and Supply
Chain Management**

By: Birhanemeskel Ayalew

Adviser: Tariku Jebena(PhD)

Addis Ababa, Ethiopia

June, 2018

ADDIS ABABA UNIVERSITY
SCHOOL OF COMMERCE
GRADUATE STUDIES
DEPARTMENT OF LOGISTICS AND SUPPLY CHAIN MANAGEMENT

**The Effect of Supply Chain Management Practices on Organizational
Performance: In the Case of Awash Wine S.C, Ethiopia**

By

Birhanemeskel Ayalew

Approved by The Board of Examiners:

Advisor

Signature

Date

Internal Examiner

Signature

Date

External Examiner

Signature

Date

Statement of Certification

This is to certify that Birhanemeskel Ayalew has carried out this research work on the topic entitled “The Effect of Supply Chain Management Practices on Organizational Performance: In the Case of Awash Wine S.C, Ethiopia” under my supervision. This work is original in nature and it is enough for submission to the partial fulfillment for the award of masters of Arts degree in logistics and supply chain management.

Advisor: Tariku Jebena, PhD

Date:

Statement of Declaration

I, the undersigned, declare that this study is my original work and has not been presented for a degree in any other university, and that all sources of materials used for the study have been duly acknowledged.

Declared by

Name: Birhanemeskel Ayalew

Signature: _____

Date: June, 2018

Acknowledgement

First and for most I am very delighted to take this opportunity to thank almighty God who helped me to begin and finish this study.

Second, I would like to thank my advisor Dr. Tariku Jebena for his valuable and constructive criticism from the very beginning to the end that guided me to the right direction.

Next, my deepest thanks go to Awash wine S.C employees who helped me by filling the questionnaires that used as an input for the study.

Finally yet importantly, thanks are due for my friends and work colleagues for their support and encouragement.

Table of Contents

Chapter one -Introduction	4
1.1Background of the study	4
1.2 Statement of the problem	6
1.3 Research Questions.....	9
1.4 Objectives of the study	9
1.4.1General Objective of the Study.....	9
1.4.2. Specific Objectives	9
1.5. Significance of the Study	10
1.6 Scope of the Study	10
1.7. Definition of Terms and concepts	11
1.8 Organization of the Paper	11
Chapter Two- Review of Related Literature.....	12
2.1 Theoretical Literature review.....	12
2.1.1 Resource Based View	12
2.1.2 Systems Theory	13
2.1.3 Relational View	13
2.1.4 Supply chain management.....	14
2.1.5 Supply Chain Management Practices.....	15
2.1.5.1 Strategic supplier partnership.....	16
2.1.5.2 Customer Relationship	17
2.1.5.3 Level of Information Sharing.....	18
2.1.5.4 Quality of Information Sharing	18
2.1.5.5 Internal Lean Practices	20
2.1.6 Organizational Performance	21
2.2. Empirical Literature Review	22
2.3 Conceptual Framework	25
2.4 Identified Literature Gap.....	26
Chapter Three- Methodology of the Study.....	27
3.1 Study Setting	27
3.2 Research Approach	28
3.3 Research Design	28

3.4 Unit of Analysis.....	29
3.5 Target Population.....	29
3.6 Sampling and Sampling Techniques.....	29
3.6.1 Sampling Techniques	29
3.6.2 Sample Size.....	30
3.7 Data Gathering Technique and Instruments.....	32
3.8 Data Analysis	32
3.9 Validity and Reliability.....	33
3.9.1 Reliability.....	33
3.9.2 Validity	33
CHAPTER 4.....	34
DATA PRESENTATION, ANALYSIS AND DISCUSSION	34
4.2 Respondents Profile	34
4.3 Descriptive Analysis.....	36
4.4 Correlation Analysis	38
4.5 Regression Analysis	40
4.5.1 Testing Regression Analysis Assumptions.....	41
4.5.1.1 Sufficient Number of Observation	41
4.5.1.2 Normality Test.....	41
4.5.1.3 Multicollinearity test	42
4.5.1.4 Homoscedasticity assumption	43
4.5.1.5 Durbin-Watson coefficient.....	44
4.5.2 Regression Model.....	45
4.5.3 Regression Coefficients of SCMP	46
4.6 Results Discussion	47
CHAPTER FIVE.....	50
SUMMARY OF MAJOR FINDINGS, CONCLUSION AND RECOMMENDATION	50
5.1 Summary of Findings.....	50
5.2 Conclusion	51
5.3 Recommendation.....	52
5.4 Areas for Further Study.....	54
References.....	
Appendix I-Descriptive statistics of SCMP	

Appendix II-Questionnaire	
---------------------------------	--

List of Table

List of tables	Pages
Table 3.1: Sample size determination	31
Table 3.2 Reliability test	33
Table 4.1: Summary of Demographic characteristics of respondents	35
Table 4.2: Descriptive Statistics of SCMP and Organizational Performance	36
Table 4.3: Correlations between SCMP and Organizational performance	39
Table 4.4: Normality test.....	41
Table 4.5: Collinearity Test.....	42
Table 4.6: Pearson correlation between variables	43
Table 4.7: Durbin-Watson test	45
Table 4.8: Regression Model Summary	45
Table 4.9: ANOVA test.....	46
Table 4.10: Coefficients of SCMP dimensions	46

List of Figure

Figure 2.1 Conceptual Framework for the Research	25
Figure 4.1 Homoscedasticity Variance.	44

Acronyms and Abbreviations

ANOVA- analysis of variance

ERP-Enterprise Resource Planning

IT-Information Technology

SC- Supply Chain

SCM-Supply chain management

SCMP-Supply Chain Management Practice

SPSS- Statistical Package for the Social Sciences

VIF-Variance Inflation Factor

S.C- Share Company

Abstract

The interest in managing supply chains had grown rapidly among companies around the world. Many companies had moved aggressively to implement and improve on supply chain management practices with the hope of enhancing revenue, profitability, control costs and asset utilization, as well as lead to market share growth. However, these companies had not been able to formulate the right strategies required to achieve this task and this had affected negatively the performance of most organizations, therefore, the study investigated the effect of supply chain management practices on performance with reference to Awash Wine. The objectives of the study were to establish the effects of Strategic Supplier Partnership, Customer relationship, Level of Information Sharing, Quality of Information Sharing and Internal Lean Practices on performance at Awash Wine S.c. A survey was conducted by drawing a sample size of 75 employees from a target population of 100 employees using the Fisher's model through stratified sampling technique. The researcher used structured questionnaires to collect data. The relationships proposed in the framework were tested using Pearson correlation, and the causal relations were analyzed using regression analysis. From the result of the analysis, it is concluded that four Supply Chain Management Practice constructs (Customer relationship, Level of Information Sharing, Quality of Information Sharing and Internal Lean Practices) have positive and significant influence on Organizational Performance. Whereas, Strategic Supplier Partnership has not statistically significant to influence Organizational Performance. Therefore to achieve advancement in marketing and financial performance in the long run through enhancing organizational performance, it is better for the organization to give due emphasis on Supply Chain Management practices.

Key Words: Supply Chain Management practices, Organizational Performance

Chapter one -Introduction

1.1Background of the study

Fierce competition in today's global markets, the introduction of products with short life cycles, and the heightened expectations of customers have forced business enterprises to invest in, and focus attention on their supply chains. This, together with continuing advances in communications and transportation technologies, such as mobile communication and overnight delivery, has motivated the continuous evolution of the supply chain, and techniques to manage it (*Terry P. Harrison, Hau L. Lee, John J. Neale, 2004*).

Supply chains encompass the companies and the business activities needed to design, make, deliver, and use a product or service. Businesses depend on their supply chains to provide them with what they need to survive and thrive. Every business fits into one or more supply chains and has a role to play in each of them. The pace of change and the uncertainty about how markets will evolve has made it increasingly important for companies to be aware of the supply chains they participate in and to understand the roles that they play. Those companies that learn how to build and participate in strong supply chains will have a substantial competitive advantage in their markets (*Michael, 2003*).

Supply chain management is a set of approaches utilized to efficiently integrate suppliers, manufacturers, warehouses and stores; so that merchandise is produced and distributed at the right quantities, to the right locations, and at the right time, in order to minimize system wide costs while satisfying service level requirements (*Terry et al, 2004*).

The diverse definitions and perception of what supply chain management is have led to various scholars and practitioners having varying metrics or dimensions in measuring and understanding supply chain management and practices in firms. *Li et al. (2006)* defined supply chain management practices as the set of activities undertaken by an organization to promote effective management of its supply chain. Supply chain management practices as a multi-dimensional construct that encompasses upstream and downstream sides of supply chain (*Li et al, 2006*). While *Tan et al (1998)* represented supply chain management practices in form of quality, purchasing, and customer relationship. According to *Tan et al (2002)* the key aspect of supply chain management practices were supply chain integration, information sharing, customer service management, geographic proximity, and JIT capabilities.

The literature is replete on the dimensions of SCM practices from variety of perspectives .*Li et al. (2006)* attempted to develop and validate a measurement instrument for SCM practices. Their instrument has five empirically validated and reliable dimensions, which include strategic supplier partnership, customer relationship, information sharing, information quality and postponement. Mustefa (2014) used five dimension of Supply chain management Practices, including strategic supplier partnership, customer relationship, information sharing, information quality and internal lean practices.

Business organizations need to capitalize on Supply Chain (SC) capabilities and resources to bring products and services to the market faster, at the lowest possible cost, with the appropriate product and service features and the best overall value (Linnet, 2015). Performance measures are important to the effectiveness of SC. Companies can no longer focus on optimizing their own operations to the exclusion of their suppliers and customers' operations. Supply Chain Performance Measures serve as an indicator of how well the SC system is functioning. Measuring SC performance can facilitate a greater understanding of the SC and improve its overall performance. There is an emerging requirement to focus on the performance measurement of the SC in which company is a partner (Peter, 1998). Interest on performance measurement has notably increased in the last 20 years. Companies have understood that for competing in continuously changing environment, it is necessary to monitor and understand firm performances (Linnet,2015).

Organizational performance is difficult to measure and there is no universally accepted definition (wijetunge, 2016). However, Organizational performance refers to how well an organization achieves its market-oriented goals as well as its financial goals (YaminS, 1999).

A number of prior studies have measured organizational performance using both financial and market criteria, including return on investment (ROI), market share, profit margin on sales, the growth of ROI, the growth of sales, the growth of market share, and overall competitive position(*Vickery et al., 1999; Stock et al., 2000; and Zhang., 2001*).Performance of organization can be measured by operational performance and financial performance. These dimensions are divided into the following components: market share, return on investment (ROI), increase market share, sales growth, return on investment growth, sales margins and the overall situation of competition (*Li et al ,2006*).

The case company, which is Awash Wine S.C, is a leading wine manufacturer in the Ethiopia. According to the company website, currently Awash Wine SC leads the Ethiopian wine market, 8 bottles out of 10 consumed are from Awash. Though it had been unchallenged since it was established in 1944, competition for Awash is now coming from the Castel Winery, which prides itself as the third-largest wine producer in the world and the second-largest beer and soft drinks business in Africa, has started producing wine in Ethiopia since March 2014. Castel has seven different types of products, two white wines and five red wines: Acacia Dry Red, Acacia Medium Sweet Red, Acacia Medium Sweet White and Rift Valley Merlot, Rift Valley Cabernet Sauvignon, Rift Valley Syrah and Rift Valley Chardonnay. The Company puts its production amount at 900,000 liters. Therefore, there are many things remaining to be done to achievement and fulfill the company's products sale goal (Muluken k, 2011).

Effective SCM has become a potentially valuable way of securing competitive advantage through the improving of organizational performance and most companies have been increasingly implementing SCM practices (Bratić, 2011).Hence, this study seeks to examine the effect of supply chain practices on the organizational performance of Awash Wine S.C, Ethiopia.

1.2 Statement of the problem

Due to the number of rival companies expanding both locally and globally, companies not only have to reestablish themselves to produce higher-quality products and services, decrease waste and are able to respond to the market but also to handle their supply chain management efficiently. Organizations are facing different kinds of challenges in their effort of competing in today's dynamic global markets. To remain competitive, organizations must recognize the importance of supply chain practices that improve not only their own organizational performance, but also coordinate with their supply chain partners to improve their joint performance. Yet, despite the significant advances in research and practices, many organizations continue to struggle to understand the complex issues associated with the coordinated planning and supply activities amongst the members of their supply networks (Makena, 2014).

The recent business environment is growing to be more challenging, and so, companies have to increase their business operations to stay competitive. According to this idea, one of the most important factors for improving business operations is implementing of supply chain management practices that will translate into improved organizational performance. Although SCM is currently no longer a new strategy, there are still some serious practical problems that have yet to be addressed. Like lack of basic knowledge of SCM amongst the business practitioners and even though some of the practitioners have realized the importance of SCM, they lack an understanding of what constitutes a comprehensive set of SCM practices (Makina, 2014).

Furthermore, if a manufacturer's operation is frequently affected by competitors' actions, it may face greater needs to coordinate with supply chain partners. For example, a manufacturer that needs to modify the design of its product, because of market entry or new products launched by competitors, also needs to modify the design of upstream components that constitute the product; it may also need to rearrange downstream channels for new product distribution. These may induce considerable coordination. These and other issues now made it clear that management of supply chain is essential for business success (Linnet, 2015).

Supply Chain Management practice in Ethiopia is still in the infancy stages, there are small numbers of manufacturing companies integrating it to their organizational system. In addition, there are some challenges in the industry which resulted in reducing the quality and demand of products manufactured domestically. One of the problems is poor SCM practice of organizations in the industry (Hailemichael, 2011). Beverage industries specifically wine industries will face the same problem, as they are part of manufacturing industries in Ethiopia.

In the study conducted by Muluken k. (2011) on Awash Wine S.c shows that supply performance capacity is very low and that if the company will face high competitive challenges from similar companies, it may not be successful as the proposed goal. The study also indicates the availability of Awash Wine S.c products, there is shortage comparing with its customers' demand. Accordingly, many customers could not get the right amount and on time of the company's products. In addition, the customers are dissatisfied with the services of Awash Wine S.c. due to Lack of proper handling ordered recording, lack of delivering its products timely, shortage of warehousing are the main limitations.

However, most of the researches related to the supply chain managements were carried out in developed countries which have different economic, political, technology, social, legal and cultural status. As a result, it may be difficult to directly apply and generalize that the same practices and collaboration as well as problems of SCM exists in Ethiopia. This is because of Ethiopia has different Economic, political, social, legal and cultural status than other countries. In Ethiopia the practice of integration, collaboration, and having willingness and the trend of managing the SC from supplier to the customer is traditional i.e., not more than just buy–sale/ transactional relationship. Even if there is SC by default it is not well managed, and implemented for getting the benefits resulted from effective SCM. So that, each partners with in the SC are using their own individual efforts to improve their own competitiveness (like, quality, cost, delivery lead-time, etc.) but it is not as such effective (Assefa, 2011).Awash Wine S.c, Ethiopia is one out of these companies.

As far as the knowledge of the researcher is concerned, there is no empirical study that is conducted on the effect of Supply Chain Management practices on organizational performance in the Wine industry in Ethiopia (i.e. from perspectives of strategic supplier partnership, customer relationship, level and quality of information sharing, and Internal Lean Practices) which incorporate upper and down streams sides of a supply chain, information flow across a supply chain and internal supply chain process on Wine manufacturers in Ethiopia particularly on Awash Wine S.c. Therefore, since the effort to achieve generalization of the causal relationship between SCM practices and performance calls for empirical confirmation in diverse environments, especially emerging economies like Ethiopia, this paper is to contribute to the debate by testing the relationship between SCM practices and organizational performance in the subject company. This study therefore sought to fill this gap and by establishing the effect of supply chain practices on organizational performance of Awash Wine S.c, Ethiopia.

1.3 Research Questions

- ✓ What is the effect of strategic supplier partnership on organizational performance at Awash Wine S.c, Ethiopia?
- ✓ How does customer relationship affect organizational performance at Awash Wine S.c, Ethiopia?
- ✓ What is the effect of information sharing on organizational performance at Awash Wine S.c, Ethiopia?
- ✓ How does Quality of Information Sharing affect organizational performance at Awash Wine S.c, Ethiopia?
- ✓ What is the effect of Internal Lean Practices on organizational performance at Awash Wine S.c, Ethiopia?

1.4 Objectives of the study

1.4.1 General Objective of the Study

The general objective of the study is to investigate the effect of Supply Chain Management practices on organizational performance at Awash Wine S.C, Ethiopia

1.4.2. Specific Objectives

- ✓ To examine the effects of strategic supplier partnership on organizational performance of Awash Wine S.c, Ethiopia
- ✓ To examine the effects of customer relationship on organizational performance of Awash Wine S.c, Ethiopia
- ✓ To investigate the effects of information sharing on organizational performance of Awash Wine S.c, Ethiopia
- ✓ To assess the effects of Quality of Information Sharing on organizational performance of Awash Wine S.c, Ethiopia
- ✓ To assess the effects of Internal Lean Practices on organizational performance at Awash Wine S.c, Ethiopia

1.5. Significance of the Study

The finding of the study will be useful to the following stakeholders including:

Awash Wine S.c, Ethiopia

This study could help management of Awash Wine S.c, Ethiopia. The managers may consider the result of this study, which may help them gain better understanding about the processes of SCM practices. From the results, the managers may either draw strategies or improve the current policies that govern supply chain management in their organization.

Academicians/Researchers

The study's findings provided a room to other researchers to use it as reference point to their future studies related to this subject matter. It will enable them to see the gap of what is unknown, what needs further research, elaboration and improvement. It added value to the body of knowledge in bridging the gap between theories and practical implementation of SCM practices in wine manufacturing industries.

1.6 Scope of the Study

SCM encompasses vast areas of managerial practices. However, it is difficult and unmanageable to conduct the study in all areas that summarizes SCM in terms of time, finance, and research manageability. Therefore, the scope of the study is delimited to the effect of SCM practices on organizational performance of Awash Wine S.C

The subject scope of this study is also delimited to the company's point of reference towards strategic supplier partnership, customer relationship, level of information sharing, quality of information sharing and Internal lean practices. Organizational performance incorporate market share, return on investment, the growth of market share, the growth of sales, growth in return on investment, profit margin on sales and overall competitive position.

The area of the study was delimited to the case company i.e., Awash Wine S.C, through assessing how the company interact with their upper stream (suppliers) and the down streams of the supply chain.

Methodologically the researcher used stratified random sampling method to select an optimal sample size from the identified target population.

1.7. Definition of Terms and concepts

- ✓ **Supply Chain Management Practices:** the set of activities undertaken by an organization to promote effective management of its supply chain (*Li et al. 2006*).
- ✓ **Strategic supplier partnership:** The long-term relationship between the organization and its suppliers. It is designed to leverage the strategic and operational capabilities of individual participating organizations to help them achieve significant ongoing benefits (*Li et al. 2006*).
- ✓ **Customer relationship:** The entire array of practices that are employed for the purpose of managing customer complaints, building long-term relationships with customers, and improving customer satisfaction(*Li et al. 2006*).
- ✓ **Level of information sharing:** The extent to which critical and proprietary information is communicated to one's supply chain partner(*Li et al. 2006*).
- ✓ **Quality of information sharing:** Refers to the accuracy, timeliness, adequacy, and credibility of information exchanged(*Li et al. 2006*)
- ✓ **Internal Lean Practices:** Lean is focused on identifying and eliminating waste throughout a product's entire value stream, extending not only within the organization but also along its entire supply chain network (Boyle and Scherrer, 2009)
- ✓ **Organizational performance:** Organizational performance refers to how well an organization achieves its market-oriented goals as well as its financial goals (wijetunge, 2016).

1.8 Organization of the Paper

The paper is organized into five chapters. The first chapter will contain introduction; which consists of background of the study, statement of the problem, research question, objectives of the study, significance of the study, scope and limitation of the study. Chapter Two contains related literature review, which has a detailed literature related to the content of the study, which is about SCMP and Organizational Performance. The third chapter deals with the methodology of the research and the fourth chapter presents data analysis, findings and discussion of the data gathered. The fifth chapter presents the summary, conclusion and recommendations of the research and area of further investigation.

Chapter Two- Review of Related Literature

This chapter of the study focuses on review of relevant conceptual issues, theoretical framework and empirical review related to the topic of the study. This chapter also covers topics related to supply chain management, constructs on supply chain management practices and organizational performance by focusing on previous research in this area and present reviewed literature relevant to this study.

2.1 Theoretical Literature review

2.1.1 Resource Based View

The resource-based theory asserts that a firm's resources explain how firms can achieve sustainable competitive advantage through the acquisition of and control over resources. Here a resource is meant anything which could be thought of as a strength or weakness of a given firm. For this to occur, the resource must also be imperfectly mobile, inimitable and non-substitutable. Such resources and capabilities are linked to competitive advantage when they are a source of abnormal profits (Peteraf, 1993). A firm's sustainable competitive advantage emanates from its valuable, rare, inimitable, non-substitutable resources and the unique way they are utilized through core capabilities (Barney, J.1991).

The resource-based view (RBV) emphasizes the firm's resources as the fundamental determinants of competitive advantage and performance. It adopts two assumptions in analyzing sources of competitive advantage (see for instance Barney, 1991 and Peteraf and Barney, 2003). 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. Second, it assumes that resource heterogeneity may persist over time because the resources used to implement firms' strategies are not perfectly mobile across firms (i.e., some of the resources cannot be traded in factor markets and are difficult to accumulate and imitate). Resource heterogeneity (or uniqueness) is considered a necessary condition for a resource bundle to contribute to a competitive advantage. According to Barney (1991), a firm resource must, in addition, be valuable, rare, and imperfectly imitable and substitutable in order to be source of a sustained competitive advantage. In her 1993's paper, Peteraf presents four conditions underlying sustained competitive advantage: superior resources (heterogeneity within an industry), ex post limit to competition, imperfect resource mobility and

ex ante limits to competition. Peteraf and Barney (2003) make clear that Barney's (1991) and Peteraf's (1993) frameworks are consistent once some terms are unambiguously defined.

Foss (1998), states that the resource-based perspective does not escape the general problem of finding the appropriate unit of analysis. Most contributions within the RBV take the individual resource as the relevant unit of analysis to study competitive advantage. However, Foss (1998) points out that this choice may only be legitimated if the relevant resources are sufficiently well defined and freestanding. If, in contrast, there are strong relations of complementarity and co 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) recognizes that the concepts 'capabilities' and 'competences' aim perhaps at grabbing this clustering and interplay.

2.1.2 Systems Theory

Systems theory, which views organizations as living organisms, acknowledges the complexity of these relationships. System theory challenges the static view of organizations and following an open system view, suggests that organizations –at individual, group and organizational level– are affected by the time factors. This theory promotes the dynamic view of organizations. System theory is currently one of the dominant theories in supply chain management studies. However, in this theory the functional paradigm view is dominant, which may limit its application in the process view of organizational management philosophy (Lavassani and Movahedi, 2010).

2.1.3 Relational View

The relational view (RV) complements the resource-based view (RBV) by arguing that critical resources may span firm boundaries (Dyer and Singh 1998). Firms can earn not only internal rents (i.e., Ricardian rents from scarcity of resources and quasi-rents from added value) but also relational rents. A relational rent is defined as a supernormal profit jointly generated in an exchange relationship that cannot be created by either firm in isolation and can only be created through the joint contributions of the collaborative partners (Dyer and Singh 1998; Lavie 2006). Relational rents are possible when collaborative partners combine and exchange idiosyncratic assets, knowledge, and capabilities through relation-specific investments, inter firm

knowledge-sharing routines, complementary resource endowments, and effective governance mechanisms(Dyer and Singh 1998).

2.1.4 Supply chain management

Over the past ten years, supply chain management (SCM) has become an important focus of competitive advantage for firms and organizations. The impact of supply chain management has increased steadily, drawing on developments in information systems, management science, logistics, operations management, and other fields. The promise of supply chain management is better use and deployment of resources across the entire enterprise. While it has long been a goal to consider the impacts of managerial decisions across the complete organization, the tools, concepts and computing environment have only been available for the past decade to realize this potential on a large scale.(Terry *et al*, 2004)

(Christopher, 2005) defines SCM as a strategic view of materials and distribution management that shows the benefits to the individual from the boost of performance of the supply chain as a whole through the lens of the business processes across functional and corporate borders.

Supply chain comprises a set of at least three entities directly involved in the downstream and upstream flows of goods, services, information and finance from a source to the customer (*Mentzer et al., 2001*). These entities can either be individuals, departments or organizations. Thus, it is not necessarily implied that a supply chain crosses organizational boundaries. What links the different elements of the chain are the flows of different objects associated with whole processes associated with the production and delivery of goods and services (*Mentzer et al., 2001*).

According to CSCMP (2017), Supply Chain Management (SCM) encompasses the planning and management of all activities involved in sourcing and procurement, conversion and all Logistic Management activities. Importantly, it also includes coordination and collaboration with channel partners, which can be suppliers, intermediaries, third party service providers, and customers. In essence, Supply Chain Management integrates supply and demand management within and across companies.

Supply Chain Management can be defined as a collaborative-based strategy to link inter-organizational business operations to achieve a shared market opportunity. Supply Chain Management is a concept concerned with activities to plan, implement and control the efficient and effective sourcing, manufacturing and delivering process for products, services, and related information from the point of material origin to the point of ultimate consumption for the purpose of conforming to end-customer requirements (*Bowersox et al, 1999*).

Supply chain management is as much a mindset as a practice. It involves looking beyond one organization and imagining all the entities involved in manufacturing and shipping a product or service, and then linking all of those entities so they can work efficiently and seamlessly as a team. That means uniting customers, suppliers, shippers, and more recently competitors, into a supply network for the most efficient use of time and resources (*Amy Zuckerman, 2002*).

2.1.5 Supply Chain Management Practices

SMC practices have been defined as a set of activities undertaken in an organization to promote effective management of its supply chain (*Li et al., 2006*).

SCM practices involve suppliers in strategic and operational decision-making, encouraging information sharing and searching for new ways to integrate upstream activities. It also involves developing customer contacts through the use of customer feedback to integrate the downstream activities and delivering orders directly to customers at point of use. To effectively achieve these goals, it is necessary to locate closer to the market, help suppliers and vendors develop JIT capability, create a compatible information platform and create SCM teams for quality and operational efficiency (*Chow et al., 2008*).

Supply chain practices are related to supply and materials management issues, operations, information technology and sharing (ICT) and customer service (*Tan et al, 2002*). Supply chain practice also includes technology, cost competitiveness, inventory management and external regulation (*McMullan, 1996*). All those have to be managed effectively to realize supply chain's strategic position, which allows competitive advantage (*Bratić, 2011*). According to *Muhammad (2004)*, this variable refers to several activities or practices related to operational function of firms. It is used to measure the SCM adoption and its level practices. Related practices are divided into six dimensions namely strategic supplier partnership, customer relations practices,

information sharing, information quality, lean system and postponement. SCM practice depends on business strategy and collaboration in the organization, plan and execution, logistic performance and information technology and its implementation in the organization and including five distinctive dimensions: strategic supplier partnership, customer relationship, level of information sharing, quality of information sharing and postponement (*Li et al., 2006*).

In reviewing and consolidating the literature, five distinctive dimensions are selected for measuring SCM practice. According to Adebayo, 2012, the five constructs cover upstream (strategic supplier partnership) and downstream (customer relationship) sides of a supply chain, information flow across a supply chain (level of information sharing and quality of information sharing), and internal supply chain process (Internal Lean Practices).

2.1.5.1 Strategic supplier partnership

It is the long-term relationship between the organization and its suppliers. It is designed to leverage the strategic and operational capabilities of individual participating organizations to help them achieve significant ongoing benefits (*Li et al, 2006*). Strategic partnerships with suppliers enable organizations to work more effectively with a few important suppliers who are willing to share responsibility for the success of the products. Suppliers participating early in the product-design process can offer more cost effective design choices, help select the best components and technologies, and help in design assessment (*Tan et al., 2002*).

Supplier partnerships and strategic alliances refer to the co-operative and more exclusive relationships between organizations and their up-stream suppliers and downstream customers (*A. Gunasekaran et al, 2004*). Today many firms have taken bold steps to breakdown both inter and intra firm barriers to form alliances, with the objective of reducing uncertainty and enhancing control of supply and distribution channels. Such alliances are usually created to increase the financial and operational performance of each channel member through reductions in total cost and inventories and increased sharing of information (*Maloni and Benton, 1997*). Rather than concerning themselves only with price, manufacturers are looking to suppliers to work co-operatively in providing improved service, technological innovation and product design. This development has produced a significant impact by expanding the scope of SCM through greater integration of suppliers with organizations (*A. Gunasekaran et al, 2004*).

The relationship is designed to control the strategic, tactical and operational capabilities of individual participating organizations to help them achieve major ongoing mutual benefits (*Jie et al., 2007*). A strategic partnership emphasizes direct, long-term association and encourages mutual planning and problem solving efforts (Gunasekaran, 2001). Strategically aligned organizations can work closely together and eliminate wasteful time and effort. According to Noble (1997) an effective supplier partnership can be a critical component of a leading edge supply chain (Bratić, 2011,Adebayo, 2012)

2.1.5.2 Customer Relationship

Comprises the entire array of practices that are employed for the purpose of managing customer complaints, building long-term relationships with customers, and improving customer satisfaction (Noble,1997) and (Tan, 1998) Consider customer relationship management as an important component of SCM practices. 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 (Wines, 1996). Good relationships with supply chain members, including customers, are needed for successful implementation of SCM programs. Close customer relationship allows an organization to differentiate its product from competitors, sustain customer loyalty, and dramatically extend the value it provides to its customers (Mwale, 2014).

Customer relationship is the key element in today SCM practices implementation in any organization (Mbuthia and Rotich, 2014). This is because the world today is in the era of massive growth of mass customization and personalized service which had forced organizations to maintain good relationship with customers for the sake of their survival (*Jie et al., 2007*). Close customer relationship allows an organization to differentiate its products from the competitors, and sustain customer loyalty (Bratić, 2011). Good relationships with supply chain members, including customers, are needed for successful implementation of SCM program (Mbuthia and Rotich, 2014).

2.1.5.3 Level of Information Sharing

It is defined as the extent to which critical and proprietary information is communicated to one's supply chain partner (*Li et al, 2006*).

Level of information sharing; information sharing has two aspects: quantity and quality and both of aspects are important for SCM practice (*Li et al., 2006*). Level of information sharing refers to the extent to which critical and proprietary information is communicated to one's supply chain partner (*Li et al., 2006*). Shared information can vary from strategic to tactical in nature and from information about logistic activities to general market and customer information (*Mentzer et al., 2000*). The objective of information sharing is to spread appropriate information for planning and controlling entire supply chain operation (*In Tae Lee, 2017*)

Many researchers have suggested that the key to the seamless supply chain is making available undistorted and up-to-date marketing data at every node within the supply chain (Child House and Towill, 2003). Effective use of relevant and timely information by all the functional elements in the supply chain is considered as a competitive factor and distinctive (Ahmadi, 2005). Failures can occur in case of information delays, shortage or distortion across the supply chain (Power, 2005).

The empirical findings of(Child house and Towill,2003) reveal that simplified material flow, including streamlining and making highly visible all information flow throughout the chain, is the key to an integrated and effective supply chain.

2.1.5.4 Quality of Information Sharing

Based on *Li et al. (2005)*, organization needs to review their information as a strategic asset and ensure that the information flows with minimum delay and distortion. In addition, *Li et al. (2005)* also notes that information shared must be accurate so that the best SCM solution will be obtain. Effective use of relevant and timely information by all the functional elements in the supply chain is considered as a competitive factor and distinctive (Ahmadi, 2005).

Quality of information sharing includes such aspects as the accuracy, timeliness, adequacy, and credibility of information exchanged (Moberg, 2002). While information sharing is important, the significance of its impact on SCM depends on what information is shared, when and how it is shared, and with whom (Holmberg, 2000). Divergent interests and opportunistic behavior of supply chain partners, and informational asymmetries across supply chain affect the quality of information (Feldmann and Muller, 2003). It appears that there is a built in reluctance within organizations to give away more than minimal information since information disclosure is perceived as a loss of power. Given these predispositions, ensuring the quality of the shared information becomes a critical aspect of effective SCM (Feldmann and Muller, 2003). Organizations need to view their information as a strategic asset and ensure that it flows with minimum delay and distortion (Mollet, 2015).

According to Mollet (2015), the most essential characteristic features for information quality includes the following:

- Reliability - It should be verifiable and dependable.
- Timely - It must be current and it must reach the users well in time, so that important decisions can be made in time.
- Relevant - It should be current and valid information and it should reduce uncertainties.
- Accurate - It should be free of errors and mistakes, true, and not deceptive.
- Sufficient - It should be adequate in quantity, so that decisions can be made on its basis.
- Unambiguous - It should be expressed in clear terms. In other words, it should be comprehensive.
- Complete - It should meet all the needs in the current context.
- Unbiased - It should be impartial, free from any bias. In other words, it should have integrity.
- Explicit - It should not need any further explanation.
- Comparable - It should be of uniform collection, analysis, content, and format.
- Reproducible - It could be used by documented methods on the same data set to achieve a consistent result

2.1.5.5 Internal Lean Practices

The term “lean” is used to refer to a system that uses less input to produce at a mass production speed, while offering more variety to the end customers. Elimination of waste is a fundamental idea within the lean system. The core thrust of lean practices are that these practices can work synergistically to create a streamlined, high quality system that produces finished products at the pace of customer demand with little or no waste (Woldemichael, 2012). Today, lean is evolving into a management approach that improves all the processes at each level of an organization (Mwale, 2014).

It is the process of removing all of the wasted time and resources in the production process. Lean can be considered a philosophy, a work culture, a technique, a management concept, a value, a methodology or an ethos. Today, lean is evolving into a management approach that improves all the processes at each level of an organization. Lean practices help to eliminate waste in all procurement cycles, prevent shortages, reduce inventory investment, reduce procurement lead time and cost, increase inventory turnover and ensure customers satisfaction (wijetunge,2016).

Lean has gained popularity in a wide range of industrial sectors, beyond manufacturing, all around the world (*Garza-Reyes et al., 2012*). It is nowadays considered the most influential new paradigm in manufacturing (*Forrester et al., 2010*) enhancing the competitiveness of organizations (Hines et al., 2004). Lean is focused on identifying and eliminating waste throughout a product’s entire value stream, extending not only within the organization but also along its entire supply chain network (Boyle and Scherrer, 2009). Thus, the concept of lean supply chains has been widely studied in the academic literature (e.g. Chen et al., 2013; Qrunflehand Tarafdar, 2013). In most of the cases, these studies suggest that lean principles and practices enable the effective management of supply chains. This evidence contributed in considering this dimension as part of the SCM practices construct developed for this study.

2.1.6 Organizational Performance

Organizational performance is difficult to measure and there is no universally accepted definition. However, Organizational performance refers to how well an organization achieves its market-oriented goals as well as its financial goals (wijetunge, 2016).

Organizational performance refers to how well an organization achieves its market-oriented goals as well as its financial goals (Yamin S, 1999). The short-term objectives of SCM are primarily to increase productivity and reduce inventory and cycle time, while long-term objectives are to increase market share and profits for all members of the supply chain(*Tan et al. 1998*). Financial metrics have served as a tool for comparing organizations and evaluating an organization's behavior over time (Holmberg S, 2000.). Any organizational initiative, including supply chain management, should ultimately lead to enhanced organizational performance.

A number of prior studies have measured organizational performance using both financial and market criteria, including return on investment (ROI), market share, profit margin on sales, the growth of ROI, the growth of sales, the growth of market share, and overall competitive position(*Vickery et al., 1999; Stock et al., 2000; and Zhang., 2001*).

Performance of organization can be measured by operational performance and financial performance. These dimensions are divided into the following components: market share, return on investment (ROI), increase market share, sales growth, return on investment growth, sales margins and the overall situation of competition (*Li et al ,2006*)

2.2. Empirical Literature Review

This section of the literature review builds on the empirical findings that have been presented by different authors following series of tests of the adoption theories that were tested in the practical world of the SCM practices implementation.

According to the research titled *The Study of Supply Chain Management Strategy and Practices on Supply Chain Performance in Malaysia manufacturing industry* conducted by Inda Sukati et al (2012), supply chain management practices have a significant relationship with supply chain performance statically. This study also investigates the effect of supply chain management practices in terms of strategic supplier partnership, customer relationship and information sharing on supply chain performance. This study also showed that the strong predictors of supply chain performance are strategic supplier partnership, customer relationship and information sharing.

Mwale (2014) conducted a study on supply chain management practices and organizational performance of large manufacturing firms in Nairobi, Kenya. The study clear that there is a significant relationship between supply chain management practices and organizational performance explained by the seven independent variables strategic supplier partnership, customer relationship, level of information sharing, quality of information, extent of outsourcing, lean practices and postponement. It was also clear from the study that the seven independent variables positively impact organization performance; however, customer relationship and strategic supplier management had the greatest impact. Through the analysis of the relationship between supply chain management practices and organization performance, it was demonstrated that the practices may directly affect organization performance.

Based on the study named *the effect of supply chain management practices on supply chain and manufacturing firms' performance in Jordanian manufacturing firms* conducted by Moh'dAnwer et al published on emerald publishing limited 2017. This paper theorizes and develops seven dimensions (strategic supplier partnership, level of information sharing, quality of information sharing, customer service management, internal lean practices, postponement and total quality management) into a SCM practices (SCMPs) construct and studies its causal relationship with the conceptualized constructs of supply chain performance (SCP) and manufacturing firms' performance (MFP). The study also explores the causal relationship between SCP and MFP. This suggests that all SCMPs play an important role and have a significant positive and direct effect on the overall MFP. This means that there is a significant positive

impact and hence indicates that there is a relationship between all SCMPs, when considered together, and all MFP dimensions.

Makena (2014) conducted a study on Impact of Supply Chain Management Practices on Organizational Performance: A Case Study of Haco Industries Limited (Kenya). To study the relationship between supply chain management practices and organizational performance, four key dimensions of SCM practices (strategic supplier partnership, customer relationship, information sharing and training practices) were used as independent variables, while market/business and operational performance variables were used to measure the organizational performance. Main findings of the study revealed that there is a high level of practical implementation of SCM practices in Haco Industries ltd and that they all had a positive effect on organization's performance. That is they improved the organization's performance in terms of lowering its operational costs, reduction of lead time, high customer service levels, product quality, fast response to changes in the market and expanding its market share and sales. A combination of all the four practices studied had a stronger effect on organization performance other than the effect of one which further shows the need to embrace a good combination of SCM practices.

Mollel (2015) conducted a study on impact of supply chain management practices on organizational performance in food processing Firms of Dar es Salaam, Tanzania. The main purpose of conducting this study was to investigate the understanding, practical implementation of SCM practices towards organizational performance in food processing firms located at Dar es Salaam, Tanzania. Six key dimensions of SCM practices (strategic supplier partnership, customer relationship, quality and level of information sharing, outsourcing and lean practices) were used as independent variables accompanied by different measurement instruments under each variable, while market and operational/financial performance variables were used to measure the organizational performance. In addition to organizational performance, the result showed that SCM practices of strategic supplier partnership, customer relationship, level and quality of information sharing and lean practices were positively related to organizational performance, except outsourcing.

Rachel (2015) conducted a study on effect of supply chain management practices on performance of Barclays bank of Kenya limited .The objective of this study is to establish the effect of supply chain management practices on performance of Barclays Bank Kenya Limited. From The results, the study depicted that supply chain management practices positively influence performance of the organization. It was also evident from the results that due to effective supply chain management practices; the profitability

has increased drastically, new products have since been unveiled, there is a notable growth in assets, the flow management has been well enhanced, shareholder value have been praised, the bank has managed to increase its market share, the supplier relationship with the bank has well been established and improved, they are happy what customer relations practices have led increased profitability and that information sharing is effective as far as supply chain management is concerned.

Jared (2014) conducted a study on influence of supply chain management practices on performance of the Nairobi securities exchange's listed food-manufacturing companies in Nairobi. The main purpose of this study was to find out the influence of supply chain practices on the performance of food manufacturing companies in Nairobi Kenya. It is therefore important to note that product development process, inventory management, lead-time, technology and innovation have a significant influence on the performance of food manufacturing companies in Kenya and it is important to address them as the success of such companies depends on the effect management of these four issues.

Generally, from the literature review it is clear that researchers have different views on the supply chain management practices that are vital to organizational performance. It is an indication that different organizations rank these practices differently whereby one supply chain management practice can be widely adopted by an organization but minimally adopted or even not at all used by another organization. However, the relationship of SCM with performance cannot be regarded as conclusive (Cousins, et al., 2006). Despite the increase of empirical research in the last few years, important differences in research design undermine comparability: lack of consensus about the definition and dimensionality of the SCM construct, use of different units of analysis, and different approaches to performance measurement (Mustefa, 2014).

2.3 Conceptual Framework

Considering the various dimensions of supply chain management practices and measurement of organizational performance proposed by several researchers specially the work of Li et al. (2006), Mustefa (2014) and Mwale (2014), the researcher adapted a research framework that encompassed the following five dimensions of supply chain management practices: strategic supplier partnership, customer relationship, quality and information sharing, information quality and postponement.

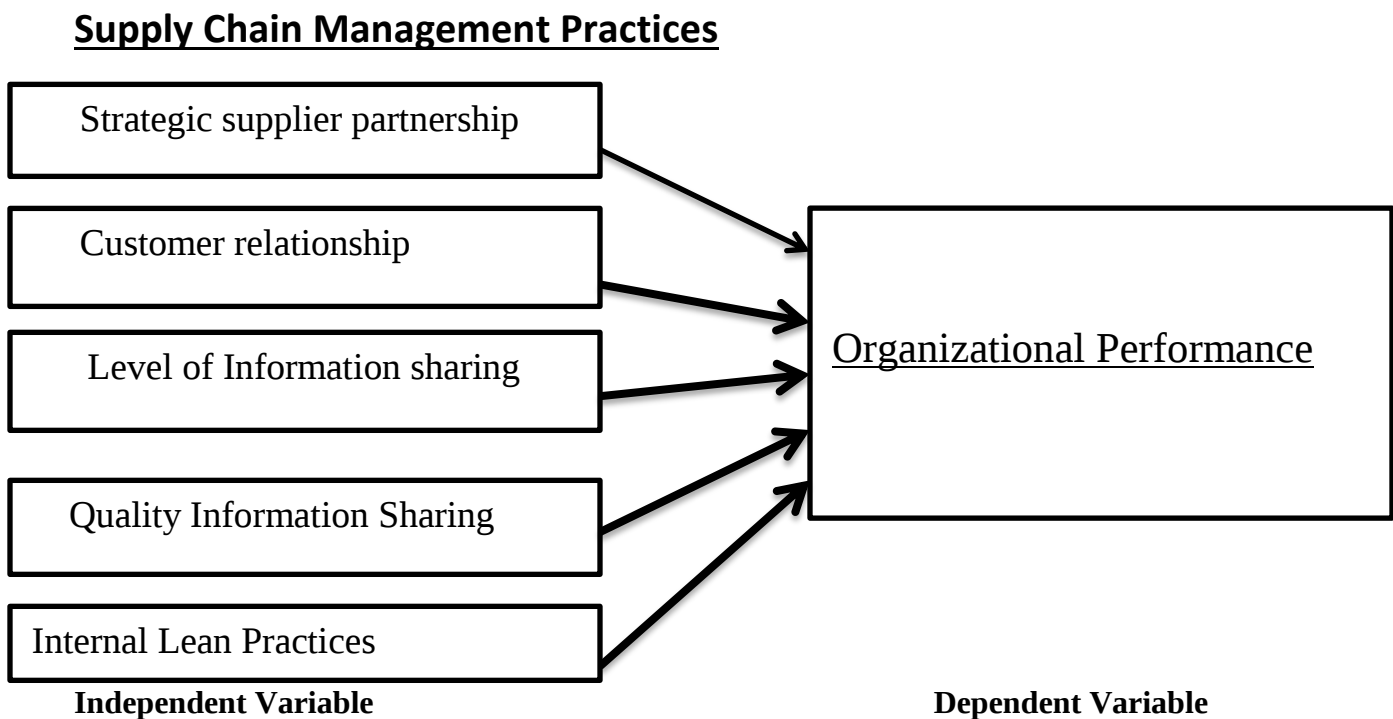


Figure 2.1: Conceptual framework of the research

Source: Li et al (2006) and Mustefa (2014).

Conceptual framework showing the relationship between supply chain management practices and organizational performance. In this case; strategic supplier partnership, customer relationship, Level of information sharing, Quality of Information sharing and Internal Lean Practices acts as the independent variables while organizational performance of Awash Wine S.C, Ethiopia is the dependent variable respectively where each of them can either positively or negatively affect.

2.4 Identified Literature Gap

Empirical Literature gap of the study from previous studies conducted in Ethiopia

In the case of Ethiopia, there is a lack of previous studies concerning SCM practices implementation and how it affects organizational performance. The researcher had hardly found such studies in the literature. Only few authors such as Mustefa (2014) and Dinberu (2016) conducted such studies. Mustefa (2014) investigated the existing supply chain practice its relation with organizational and operational performance of Awash Tannery plc. This research conceptualizes and develops five dimensions of SCM practice (strategic supplier partnership, customer relationship, level of information sharing, quality of information sharing, and internal lean practices) and tests the relationships between SCM practices, operational performance, and organizational performance. From the result of the analysis it is concluded that there is strong relationship between SCM practices, operational performance and organizational performance. Besides, SCM practices have an influence on both operational performance and organizational performance. Therefore, in order to achieve advancement in marketing and financial performance in the long run through enhancing organizational performance, it is better for the organization to give due emphasis to the constructs of SCM practices and the measures of operational performance.

Dinberu (2016) tried to study Supply Chain Management Practices and Performance of Ethiopian Public Merchandise Business Enterprise. This study examines the relationship of supply chain management practices (strategic supplier partnership (procurement and supply management), transportation and logistics management, customer relationship management, level of information sharing, and internal lean practice) with operational and organizational performance. The finding confirmed that, among supply chain management practices; strategic supplier partnership, customer relationship management have statistically significant contribution to the competitiveness of the enterprise.

While there is plenty of published literature that explains SCM, there is a relative lack of empirical studies examining how SCM practices affect organizational performance. There are very few documented cases showing the relation between SCMP and Organizational performance. As far as the knowledge of the researcher concerned, no research had been conducted on the effect of Supply Chain Management practices on organizational performance in the Wine industry in Ethiopia. Therefore, this study is bridge the gap left behind by some previous studies. This study included the aspect of how SCM practices affect overall organizational performance in the case company.

Chapter Three- Methodology of the Study

This part describes the methodologies that are used in this study: the choice of particular research designs, data type and source of data, research approach, data gathering technique and instruments, sampling and sampling techniques and data analysis techniques along with an appropriate justification associated with each approach.

3.1 Study Setting

Ethiopia is known for its rich cultural heritage steeped in century's old history and mystical legends. But very few know of a long-held wine-making tradition in Ethiopia. The wine-making tradition has over the last few years been gaining much traction and is now a gradually expanding industry that is meant to place Ethiopia firmly onto the wine-making countries list. Ethiopia is now growing its own grapes and producing its own signature wine. Due to the proximity to the equator, it is even possible to make two harvests per year. Currently, there are two wineries in the country, with a combined production of almost 12 million bottles of wine per year.

Awash winery is by far the oldest winery in Ethiopia. The winery has been in existence for about 70 years now. Awash Winery boasts more than 117 hectares of a wine estate that sits on a mountain plateau rising to 1,200 meters above sea level. It was acquired in 2013 by Blue Nile company, which has the plan to expand the production by constructing a second distillery.

Currently, Awash Winery has an annual production of about 10 million bottles, most of which is exclusively consumed by the Ethiopian market. According to Awash, the local demand for quality wine is at an all-time high. In 2016, the company will be able to export wine in addition to meeting the local demand.

The Upper Awash Valley is situated 180km south-east of Addis Ababa. A fertile plain blessed with ideal soil and weather for the growing of grapes. This is where you'll find vineyard in Merti Jeju. From this idyllic location, the grape harvest is brought to two wineries, Lideta and Mekanisa, where they make their current range of eight excellent table wines. The head office is located at Lideta (Addis Ababa) which manages the finance, supply and procurement functions, IT, logistics and transport activities. Thus, the area of the study is in Addis Ababa.

3.2 Research Approach

Quantitative approach is one in which the investigator primarily uses post positivist claims for developing knowledge (i.e. cause and effect thinking, reduction to specific variables and hypotheses and questions, use of measurement and observation, and the test of theories), employs strategies of inquiry such as experiments and surveys, and collect data on predetermined instruments that yield statistical data. Qualitative approach is one in which the instruments that yield statistics data. Qualitative approach is one in which the inquirer often makes knowledge claims based primarily on constructivist perspective (i.e. the multiple meanings of individual experiences meanings socially and historically constructed, with an intent of developing a theory or patter) or advocacy/ participatory perspectives (i.e. political, issue-oriented, collaborative, or change oriented) or both (Creswell, 2003).

According to Creswell (2005), quantitative research is a type of educational research in which the researcher decides what to study, asks specific, narrow questions, collects numeric (numbered) data from participants, analyzes these numbers using statistics, and conducts the inquiry in an unbiased, objective manner. Quantitative method is a study involving analysis of data and information that are descriptive in nature and qualified (Sekaran, 2003). Quantitative approach is one in which the investigator primarily uses postpositive claims for developing knowledge (Creswell, 2009). Therefore, the researcher chooses quantitative research to measure the effect of independent variables (SCM practices) on the dependent variable (Organizational Performance) by collecting quantitative data from Awash Wine S.C employees.

3.3 Research Design

Designing a study helps the researcher to plan and implement the study in a way that will help the researcher to obtain intended results, thus increasing the chances of obtaining information that could be associated with the real situation (Burns & Grove 2001). Causal research also called explanatory research is the investigation of cause and effect relationships in order to determine causality; to observe variation in the variable that is assumed to cause the change in the other variable and then measure the changes in the other variable using statistical methods. It enables us to understand the very nature of what we are actually looking at it (Binyam, 2016). The study was intended to analyze the casual relations between the dependent variable (Organizational Performance) and the independent variables (SCMP) using correlation and regression, which makes the research explanatory. Therefore this study explanatory type

3.4 Unit of Analysis

In this study, the Awash wine S.C is a unit analysis as it was assessed the supply chain management practices related with the organizations performance. Therefore, employees of the company was taken as a unit of analysis.

3.5 Target Population

Population is defined as the entire set of individuals or other entities to which study findings are to be generalized (Schutt, 2011). The target population for this study comprised of employees of Awash Wine S.c, who have diploma and above educational background because they perceived to engaged in supply chain related activities and who have the knowhow about supply chain management practices and organizational performance.

3.6 Sampling and Sampling Techniques

3.6.1 Sampling Techniques

A sample is the number of items selected to represent the whole population (Kothari, 2004). For the purpose of this study probability sampling particularly stratified sampling technique was adopted. According to Kothari (2004), a stratified sample is a probability sampling technique in which the researcher divides the entire target population into different sub-groups, or strata, and then randomly selects the final subjects proportionally from the different strata. This type of sampling is appropriate when the researcher wants to highlight specific subgroups within the population.

The target population for the study was classified into seven strata based on the sectional division of the company. Then the researcher takes samples from each stratum according to their proportion to the total population. Since the information required for the study needs different people who have knowledge and awareness about different supply chain management practices/dimensions, and organizational performance of the organization, stratified sampling technique was adopted to have the right proportion of people from every concerned department or section. The departments considered as strata from which data will collect are: production department, procurement and supply chain management, finance, sales and marketing, warehouse and facilities management, transport (distribution) and ICT.

3.6.2 Sample Size

The total number of Awash Wine S.c employees are 484 (Farm area employees are not included) because the study resides on Addis Ababa ,out of this about 134 employees are at least diploma holders .Therefore, 100 employees was eligible to be considered as a target because they were directly engaged in supply chain related activities. A sample size of 79 employees was selected since the entire population of interest could not be selected. To arrive at the desired sample, Fisher's model will be used as solution as it used by Linet (2015). In this case, when the target population is more than 10,000, the formulae is given as.

$$n = \frac{z^2 p * q}{d^2}$$

Where

p is the proportion of target population with traits being investigated;

q is the proportion of target population without traits being investigated i.e. (q=1-p);

d is the tolerance error; and

z is normal statistical deviation.

At 95% confidence level, and taking p=0.5,

$$= 384$$

Since target population is less than 10,000, the modified Fisher's formula to be used for the appropriate sample is:

$$nf = \frac{n}{1 + \frac{n}{N}}$$

Where: nf is the required sample size;

n is the sample size when population is more than 10,000; and

N is the observed target population

$$nf = \frac{384}{1 + \frac{384}{100}} = 79 \text{ employees}$$

The sample size of 79% (79) is supported by Kothari (2004), who indicates that an optimum sample is the one that fulfills the requirements of efficiency, representativeness, reliability and flexibility. According to Kothari this sample is above 50 %.(cited at **Linnet, 2015**)

Department	Total Population	Sample Size	Percentage of sample size
Production	15	12	12%
Procurement and Supply chain	7	5	5%
Finance	15	12	12%
Sales and marketing(Commercial)	30	24	24%
Warehouse and facilities management	15	12	12%
Transport(Distribution	13	10	10%
ICT	5	4	4%
Total	100	79	79%

Table 3. 1.Departmental Distribution of Sample Size
Source: Awash Wine S.c HRD

3.7 Data Gathering Technique and Instruments

In this research primary data has been utilized. The primary data has been conducted in the form of questionnaires which was distributed to employees of the company.

The questionnaire consists of three parts. Part one prepared to gather general information about the respondents educational qualification, position, experience within the organization and department. Part two prepared to ask respondents to answer SCMP and section three is about Organizational Performance. This part consists of 35 questions and measures the effect of SCMP on Organizational Performance which is divided in five dimensions. Strategic Supplier Partnership, Customer Relationship, Level of Information Sharing, Quality of Information Sharing and Internal Lean Practices adopted from *Li et al. (2006)* with few adjustments.

3.8 Data Analysis

Analysis of data in this research was done by using statistical tools like regression and correlation models. Regression analysis(Multiple Regression) was used to know by how much the independent variable i.e. SCMP explains or influences the dependent variable which is Organizational Performance. Pearson's correlation analysis also conducted to measure the strength of the association between SCMP dimensions and Organizational Performance. In addition, descriptive analysis (tables, mean and standard deviation) used to analyze SCMP and for the demographic factors such as respondents educational qualification, position, experience within the organization and department. Data analysis was performed by using SPSS software.

3.9 Validity and Reliability

3.9.1 Reliability

Reliability is measures of internal consistency that concerned with items' responses consistent across constructs and indicates scores are stable over time when the instrument is administered (Creswell, 2009). In order to measure the reliability of the instrument, a 0.70 Cronbach's coefficient alpha was done. George and Mallery (2003) provide the following rules of thumb: “_ > .9 – Excellent, _ > .8 – Good, _ > .7 – Acceptable, _ > .6 – Questionable, _ > .5 – Poor, and _ < .5 – Unacceptable”. As it indicated in the table 3.2, the test result is between 0.746 and 0.891. Therefore, based on the test, the results for the items are reliable and acceptable.

Table 3.2: Reliability test result for the questionnaire

Item	Number of Item	Crobach's Alpha	Result
Strategic Supplier Partnership	6	0.851	Good
Customer Relationship	5	0.881	Good
Level of Information Sharing	6	0.891	Good
Quality of Information sharing	5	0.868	Good
Internal Lean Practice	6	0.825	Good
Organizational Performance	7	0.746	Acceptable
Overall Reliability	35	0.960	Excellent

Source: Own Survey Data, 2018

3.9.2 Validity

Validity of an instrument is how accurate the instrument is in obtaining the data it intends to collect (Mugenda & Mugenda 2003). Validity indicates the degree to which the instrument measures what it is supposed to measure (Kothari, 2004). To ensure precision, relevance and content validity of the instrument, the questionnaire was subject to critical evaluation by the researcher and the supervisor. The questionnaire tested test in order to check its content, construct and face validity. The questionnaire was standardized and adopted from Li et al (2006) with few additions. Therefore, the instrument is already valid and tested

CHAPTER 4

DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.1 Introduction

As discussed in previous chapter, this study attempted to examine the effect of supply chain management practices on Organizational Performance in case of Awash Wine S.c. To analyze the collected data in line with the overall objective of the research undertaking, statistical procedures were carried using SPSS (version 20). The questionnaire were developed in five scales ranging from five to one; where 5 represents Strongly Agree, 4 Agree, 3 Neutral, 2 Disagree, and 1 Strongly Disagrees .During the survey a total of 79 questionnaires were distributed to employees of Awash Wine S.C.75(95%) of distributed questionnaires were returned. So the analysis was made based on 75 responded questionnaires. Descriptive statistics were used for demographic factors and SCM Practices. Also the study used Correlation analysis, specifically Pearson correlation to measure the degree of association between different variables under consideration used. Regression analysis was also used to test the effect of independent variable on dependent variable.

4.2 Respondents Profile

This descriptive analysis is used to look at the data collected and to describe that information. It is used to describe the demographic factors for more clarification. It is mainly important to make some general observations about the data gathered for general or demographics questions. The demographics factors used in this research are Educational Qualification, Job Title/Position, Length of service in the organization and Departmental distribution. On the other hand assessing the work experience and education level of the respondents' is that, when the respondents are more experienced and educated they have better opportunity to understand the case and give better response than else.

Table 4.1: Summary of Demographic characteristics of respondents

Respondents' Background	Demographic Characteristic	Frequency	Percentage
Educational qualification	College diploma	16	21.3
	First Degree	50	66.7
	Second Degree and above	9	12.0
Job Title/ Position of the respondents	Director/manager	6	8.0
	Team leader	7	9.3
	Expert	23	30.7
	Other	39	52.0
Work experience of Respondents in the organization	Under 1 year	7	9.3
	1–5 years	23	30.7
	6–10 years	31	41.3
	over 10 years	14	18.7
Departmental Representation of Respondents	Production	11	14.7
	Procurement and Supply chain Management	5	6.7
	Finance	12	16.0
	Sales and Marketing(Commercial)	22	29.3
	Warehouse and facilities management	12	16.0
	Transport(Distribution)	10	13.3
	ICT	3	4.0

Source: Own Survey Data, 2018

The educational qualifications of respondents are shown in table 4.1. As it is indicated in the table, 66.7% hold a first degree. In the other way, 21.3% were diploma holders, while 12% of the respondents achieved Second Degree and above.

As table 4.1 clearly shows the frequency distribution of respondents Job title, 8% of the respondents were Director/managers, 9.3% were Team leaders, 30.7% were Experts and the remaining 52% of the respondents were from other positions like Officers.

Coming to the work experience of the respondents as shown in Table 4.1, the largest of the respondents, which is 41.3%, have 6-10 years of work experience. In the same case, 30.7% of respondents have from 1-5 years of work experience and followed by over 10 years of experience, which accounts 18.7% and 9.3% of respondents represents having less than 1 year of experience. This implies that in total more than 60% of the respondents have more than 6 years of work experience with in the case company and it is sufficient to

judge and give views. This is because when the respondents are more and more experienced within the organization they have better opportunity to know more and more about the organization.

The results of Departmental representation of respondents are shown in Table 4.1. The result indicates that 11% of the respondents were from Production department, 6.7% of the respondents were from Procurement and supply chain department, 16 % of the respondents were from Finance, 29.3% from sales and Marketing (Commercial), 16% from warehouse and facilities Management, 13.3% from transportation (Distribution), while 4 % of the respondents indicated that they were from ICT department. The results indicate that the respondents were from different department/work unit and thus they will give an independent view of supply chain management practices and Organizational performance.

4.3 Descriptive Analysis

The mean and group mean statistical values approaching to 3.00 and less indicates the poor perception, 3.00 and above indicates good perception of respondents on that particular item or variable.

Table 4.2: Descriptive statistics of SCMP and Organizational Performance

	N	Mean	Std. Deviation
Strategic supplier partnership	75	3.8133	.72595
Customer Relationship	75	3.6827	.83769
Level of information sharing	75	3.7778	.78238
Quality of Information Sharing	75	3.6693	.77703
Internal Lean practices	75	3.9044	.63505
Organizational Performance	75	3.9029	.62982

Source: Own Survey Data, 2018

As shown in the table 4.2, the group means of Strategic Supplier Partnership shows that 3.81 mean value. The group mean value indicates that the overall perception of the respondents on this particular dimension is good. Standard deviation shows that how diverse are the responses of respondents for a given construct. High Standard Deviation means that the data are wide spread, which means that respondents give variety of opinion and the low standard deviation means that respondents express close opinion. Strategic Supplier Partnership dimensions have scored 3.81 grand mean and 0.72 standard deviation. The overall mean shows perception of respondents about Strategic Supplier Partnership is good. Standard deviation shows that 68%

of participants are within ± 0.72 (1 standard deviation) of the mean 3.81, 95% of participants are within ± 1.44 (2 standard deviations) of the mean 3.81 and 99% of participants are within ± 2.16 (3 standard deviations) of the mean 3.81.

For Customer Relationship construct, as shown in the table 4.2 the group mean shows that 3.68 mean value. The group mean value indicates that the overall perception of the respondents on this particular dimension is good. Standard deviation shows that how diverse are the responses of respondents for a given construct. High Standard Deviation means that the data are wide spread, which means that respondents give variety of opinion and the low standard deviation means that respondents express close opinion. Customer Relationship dimensions have scored 3.68 grand mean and 0.84 standard deviation. The overall mean shows perception of respondents about Customer Relationship is good. Standard deviation shows that 68% of participants are within ± 0.84 (1 standard deviation) of the mean 3.68, 95% of participants are within ± 1.68 (2 standard deviations) of the mean 3.68 and 99% of participants are within ± 2.52 (3 standard deviations) of the mean 3.68.

As shown in the table 4.2, the group mean of Level of Information Sharing shows that 3.77 mean value. The group mean value indicates that the overall perception of the respondents on this particular dimension is good. Standard deviation shows that how diverse are the responses of respondents for a given construct. High Standard Deviation means that the data are wide spread, which means that respondents give variety of opinion and the low standard deviation means that respondents express close opinion. Level of Information Sharing dimensions has scored 3.77 grand mean and 0.78 standard deviation. The overall mean shows perception of respondents about Level of Information Sharing is good. Standard deviation shows that 68% of participants are within ± 0.78 (1 standard deviation) of the mean 3.77, 95% of participants are within ± 1.56 (2 standard deviations) of the mean 3.77 and 99% of participants are within ± 2.34 (3 standard deviations) of the mean 3.77.

For Quality of Information Sharing construct, as shown in the table 4.2 the group mean shows that 3.66 mean value. The group mean value indicates that the overall perception of the respondents on this particular dimension is good. Standard deviation shows that how diverse are the responses of respondents for a given construct. High Standard Deviation means that the data are wide spread, which means that respondents give variety of opinion and the low standard deviation means that respondents express close opinion. Quality of

Information Sharing dimensions has scored 3.66 grand mean and 0.77 standard deviation. The overall mean shows perception of respondents about Quality of Information Sharing is good. Standard deviation shows that 68% of participants are within ± 0.77 (1 standard deviation) of the mean 3.66, 95% of participants are within ± 1.54 (2 standard deviations) of the mean 3.66 and 99% of participants are within ± 2.31 (3 standard deviations) of the mean 3.66.

As shown in the table 4.2, the group mean of Internal Lean Practices shows that 3.9 mean value. The group mean value indicates that the overall perception of the respondents on this particular dimension is good. Standard deviation shows that how diverse are the responses of respondents for a given construct. High Standard Deviation means that the data are wide spread, which means that employees give variety of opinion and the low standard deviation means that employees express close opinion. Internal Lean Practices dimensions have scored 3.9 grand mean and 0.63 standard deviation. The overall mean shows perception of respondents about Internal Lean Practices is good. Standard deviation shows that 68% of participants are within ± 0.63 (1 standard deviation) of the mean 3.9, 95% of participants are within ± 1.26 (2 standard deviations) of the mean 3.9 and 99% of participants are within ± 1.89 (3 standard deviations) of the mean 3.9.

As shown in the table 4.2, the mean of Organizational Performance is good. Standard deviation shows that how diverse are the responses of respondents for a given construct. High Standard Deviation means that the data are wide spread, which means that respondents give variety of opinion and the low standard deviation means that respondents express close opinion. Organizational Performance dimensions have scored 3.9 grand mean and 0.63 standard deviation. The overall mean shows perception of respondents about Organizational Performance is good. Standard deviation shows that 68% of participants are within ± 0.63 (1 standard deviation) of the mean 3.9, 95% of participants are within ± 1.26 (2 standard deviations) of the mean 4.12 and 99% of participants are within ± 1.89 (3 standard deviations) of the mean 3.9.

4.4 Correlation Analysis

By standardizing the covariance we end up with a value that has to lie between -1 and $+1$ (if you find a correlation coefficient less than -1 or more than $+1$ you can be sure that something has gone hideously wrong!). A coefficient of $+1$ indicates that the two variables are perfectly positively correlated, so as one variable increases, the other increases by a proportionate amount. Conversely, a coefficient of -1 indicates a perfect negative relationship: if one variable increases, the other decreases by a proportionate amount. A

coefficient of zero indicates no linear relationship at all and so if one variable changes, the other stays the same. Because the correlation coefficient is a standardized measure of an observed effect, it is a commonly used measure of the size of an effect and that values of $\pm .1$ represent a small effect, $\pm .3$ is a medium effect and $\pm .5$ is a large effect (Andy Field 2009).

Table 4.3 Correlations between Supply Chain Management Practices and Organizational performance

Correlations								
		Strategic supplier partnership	Customer relationship	Level of information sharing	Quality of Information Sharing	Internal Lean practices	Supply Chain Management Practices	Organizational Performance
Strategic supplier partnership	Pearson Correlation							
	Sig. (2-tailed)							
Customer relationship	Pearson Correlation	.775**						
	Sig. (2-tailed)	.000						
Level of information sharing	Pearson Correlation	.740**	.686**					
	Sig. (2-tailed)	.000	.000					
Quality of Information Sharing	Pearson Correlation	.718**	.725**	.743**				
	Sig. (2-tailed)	.000	.000	.000				
Internal Lean practices	Pearson Correlation	.620**	.560**	.602**	.562**			
	Sig. (2-tailed)	.000	.000	.000	.000			
Supply Chain Management Practices	Pearson Correlation	.857**	.810**	.820**	.844**	.811**		
	Sig. (2-tailed)	.000	.000	.000	.000	.000		
Organizational Performance	Pearson Correlation	.718**	.737**	.747**	.742**	.700**	.846**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	
**. Correlation is significant at the 0.01 level (2-tailed).				N=75				

Source: Own Survey Data, 2018

As it is indicated in the table 4.3, there is appositive and significant correlation between Supply chain management practices and Organizational Performance. In other words Supply chain management practices and Organizational Performance have relationship ($r=0.847$).

Table 4.3 also indicated that, there is a positive and significant correlation between Strategic supplier Partnership and Organizational Performance. In other words Strategic supplier Partnership Dimension and Organizational Performance are correlated in a relationship ($r=0.718$).

Pearson correlation results are shown in table 4.3; there is positive and significant correlation between Customer Relationship and Organizational Performance. In other words Customer Relationship and Organizational Performance have relationship ($r=0.737$).

Pearson correlation results are shown in table 4.3, that there is positive and significant correlation between level of information sharing and organizational performance. In other words level of information sharing and organizational performance have a relationship or correlation ($r=0.747$).

As it is clearly indicated in the table 4.3, there is significant positive and significant correlation between Quality of Information Sharing and Organizational Performance. In other words Information Quality and Organizational Performance have a relationship or correlation ($r=0.742$)

Table 4.3 indicates that there is significant positive correlation between Internal Lean Practices and Organizational performance. In other words Internal Lean Practices and Organizational Performance have a relationship or correlation ($r=0.700$)

4.5 Regression Analysis

This regression analysis was conducted to know by how much the independent variable explains the dependent variable. It is also used to understand by how much each independent variable (Strategic supplier partnership, Customer relationship, Level of information sharing, Quality of Information sharing and Internal Lean practices) explains the dependent variable that is Organizational Performance

4.5.1 Testing Regression Analysis Assumptions.

4.5.1.1 Sufficient Number of Observation

If you want to test the overall relationships between the independent and dependent variable, there is a rule of thumb that the number of observations is at least $50 + 8k$ (where k are the number of independent variables) Cited from (Admasu, 2016). In this case, 67 the minimum number of observation required to perform regression analysis is $50 + 8 \times 5 = 90$. Therefore, 75 observations can meet the minimum requirement.

4.5.1.2 Normality Test

Normal distribution takes a form of a symmetric ball shaped curve. The standard normal distribution is one with a mean 0 and a standard deviation of 1. (Garson, 2012). According to him, skew and kurtosis with range +3 to -3 used to measure normal distribution. The skew and kurtosis result show that there were normally distributed.

Table 4.4 Normality test

Descriptive Statistics					
	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Strategic supplier partnership	75	-.447	.277	-.013	.548
Customer Relationship	75	-.541	.277	-.517	.548
Level of information sharing	75	-.733	.277	.163	.548
Quality of Information Sharing	75	-.601	.277	-.234	.548
Internal Lean practices	75	-.196	.277	-.529	.548
Organizational Performance	75	-.908	.277	.496	.548
Valid N (listwise)	75				

Source: Own Survey Data, 2018

4.5.1.3 Multicollinearity test

Multicollinearity exists when there is a strong correlation between two or more predictors in a regression model. Perfect multicollinearity exists when at least one predictor is perfect linear combination of the others (Field, 2009). He also stated that, perfect collinearity exists when at least one predictor is a perfect linear combination of the others. If the perfect there is perfect collinearity between predictor it becomes impossible to obtain unique estimates of regression coefficients because there are an infinite number of combinations of coefficient that would work equally well. The regression coefficients become less reliable as the degree of correlation between the independent variables increases. If there is a high degree of correlation between independent variables, there is a problem of multicollinearity.

Field (2009) cited that Variance Inflation Factor (VIF) value above 10 and a tolerance (1/VIF) value below 0.10 pose a multicollinearity problem. From table 4.5 VIF Value ranges from 1.781 to 3.399. Tolerance value ranges within the value of 0.294-0.561. In this study, these values (both VIF and tolerance level) indicate that for this analysis, there is no serious multi collinearity problem. The correlation coefficient above 0.8 or 0.9 is the cut-off point for regression analysis, Field (2005). In table 4.6 Pearson correlation matrix has indicated that the inter-correlation between the Supply Chain Management Practice constructs are below the maximum point which is 0.8/0.9.

Table 4.5 Collinearity Test

Coefficients ^a			
Model		Collinearity Statistics	
		Tolerance	VIF
1	Strategic supplier partnership	.294	3.399
	Customer Relationship	.335	2.983
	Level of information sharing	.343	2.919
	Quality of Information Sharing	.347	2.884
	Internal Lean practices	.561	1.781
a. Dependent Variable: Organizational Performance			

Source: Own Survey Data, 2018

Table 4.6 Pearson correlation between variables

Correlations						
		Strategic supplier partnership	Customer Relationship p	Level of information sharing	Quality of Information Sharing	Internal Lean practices
Strategic supplier partnership	Pearson Correlation					
	Sig. (2-tailed)					
Customer Relationship	Pearson Correlation	.775**				
	Sig. (2-tailed)	.000				
Level of information sharing	Pearson Correlation	.740**	.686**			
	Sig. (2-tailed)	.000	.000			
Quality of Information Sharing	Pearson Correlation	.718**	.725**	.743**		
	Sig. (2-tailed)	.000	.000	.000		
Internal Lean practices	Pearson Correlation	.620**	.560**	.602**	.562**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
**. Correlation is significant at the 0.01 level (2-tailed). N=75						

Source: Own Survey Data, 2018

4.5.1.4 Homoscedasticity assumption

At each level of the predictor variable(s), the variance of the residual terms should be constant. This just means that the residuals at each level of the predictor(s) should have the same variance (homoscedasticity); when the variance are very unequal there is said to be homoscedasticity Field, (2005).

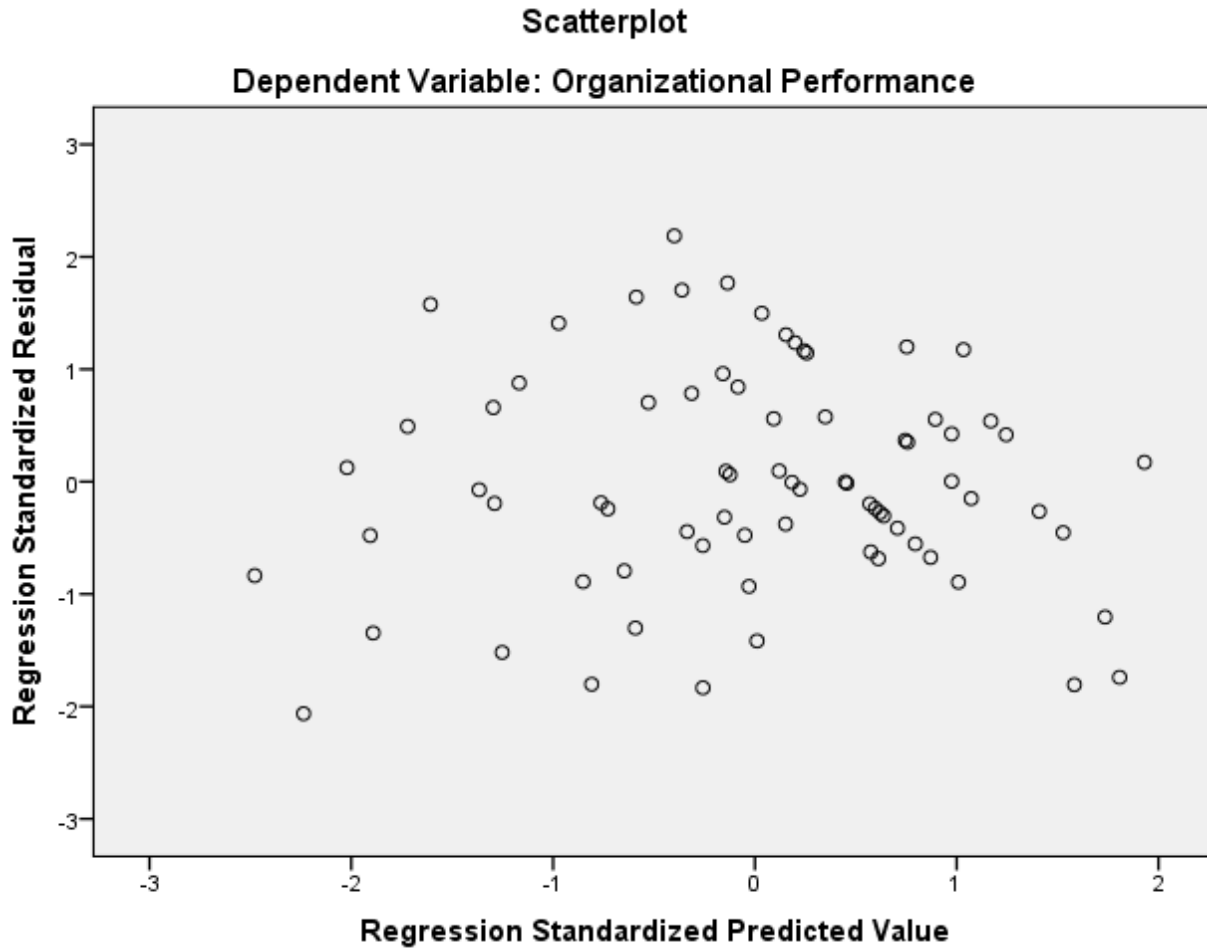


Figure 4.1 Homoscedasticity Variance.

4.5.1.5 Durbin-Watson coefficient

Durbin-Watson coefficient tests for serial correlation between errors (Field, 2005). According to (Garson, 2012) the Durbin-Watson statistics should be between 1.5 and 2.5 for independent observations. As indicated below the table 4.7 Durbin-Watson result is 1.626, which is between 1.5 and 2.5.

Table 4.7 Durbin-Watson test

Model Summary^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.855 ^a	.730	.711	.33875	1.626

a. Predictors: (Constant), Internal Lean practices, Customer Relationship, Level of information sharing, Quality of Information Sharing, Strategic supplier partnership

b. Dependent Variable: Organizational Performance

Source: Own Survey Data, 2018

4.5.2 Regression Model

Regression analysis was used to express the relationship between the independent and dependent variables. The dependent variable was Organizational Performance while the independent variables were the Internal Lean practices, Customer Relationship, Level of information sharing, Quality of Information Sharing, Strategic supplier partnership. The ability of independent variables to explain the changes in dependent variables was measured by adjusted R-square as shown by table 4.8.

Table 4.8 Regression Model Summary

Model Summary^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.855 ^a	.730	.711	.33875	1.626
a. Predictors: (Constant), Internal Lean practices, Customer Relationship, Level of information sharing, Quality of Information Sharing, Strategic supplier partnership					
b. Dependent Variable: Organizational Performance					

From table 4.8, it is clear to see that the independent variables explained 71.1% of variations in the dependent variable as shown by the adjusted R-square (0.711). Therefore 29% of the variations in the dependent variable were due to other factors not considered by the model.

Table 4.9 ANOVA Result

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21.436	5	4.287	37.361	.000 ^b
	Residual	7.918	69	.115		
	Total	29.353	74			
a. Dependent Variable: Organizational Performance						
b. Predictors: (Constant), Internal Lean practices, Customer Relationship, Level of information sharing, Quality of Information Sharing, Strategic supplier partnership						

Source: Own Survey Data, 2018

The significance of the model was further established by carrying out ANOVA test as shown by table 4.9. Table 4.9, shows that the variables of regression are statistically significantly different, they therefore measure different attributes. The p-value=0.000 is less than 0.05 therefore we confirm the significance of the model under 95% confidence level.

4.5.3 Regression Coefficients of SCMP

Table 4.10: Coefficients of SCMP dimensions

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.687	.257		2.671	.009
	Strategic supplier partnership	.027	.100	.031	.272	.786
	Customer Relationship	.180	.081	.239	2.216	.030
	Level of information sharing	.180	.086	.224	2.097	.040
	Quality of Information Sharing	.175	.086	.216	2.037	.045
	Internal Lean practices	.288	.083	.290	3.481	.001
a. Dependent Variable: Organizational Performance						

Source: Own Survey Data, 2018

From table 4.10, the constant of the model was 0.687 which was statistically significant (p-value= 0.009). The highest statistically significant coefficient was 0.288 which belonged to Internal Lean practices (P.value= 0.001). This was followed by Customer Relationship, Level of information sharing and Quality of Information Sharing with coefficient of 0.180 (p-value=0.030), 0.180(0.40) and 0.175 (0.045) respectively. The coefficient for Strategic supplier partnership variable was 0.027, however not statistically significant with the coefficient for supplier p-value= 0.786. We can thus conclude that from the sample results the SCMP constructs that has significant and positive influence on organizational performance were Customer relationship, Level of information sharing, Quality of Information Sharing, Internal and Lean practices. However, Strategic Supplier Partnership has positive but insignificant influence on organizational Performance

4.6 Results Discussion

The objective of this study is to examine the effect of SCM practices and to empirically test the relationship between SCM practices and organizational performance with special emphasis on Awash Wine S.C. This research is related with the elements of SCMP towards Organizational Performance in Awash Wine S.C. The findings show that SCMP constructs can explain 71.1% of Organizational Performance in the case company. Internal Lean Practices has greater effect on organizational Performance and it is more important the case company to focus on how to work with lean practices. This study makes contributions by exploring the relationship between SCM practices and organizational performance. The results of the study are discussed as follows:

The study result of Mustefa (2014) indicates that there is causal relationship between SCM practices and organizational performance. There might be many factors that can explain this variable, but our model, which includes SCM practices (the same variables as this research), can explain approximately 77.7% of Organizational Performance. This suggests that the remaining 22.3% of the variation in organizational performance cannot be explained by those dimensions of SCM practices.

Based on the study of Moh'd Anwer et al (2017), that all SCMP play an important role and have a significant positive and direct effect on the overall Organizational Performance. The study result indicates SCMP can explain 73.3% of Firms overall performance in the manufacturing sector.

The finding of this research supports the finding of Duong and Nguyen (2018) that strategic supplier partnership influences firm performance insignificantly.

The finding of this research is consistent with the finding of Duong and Nguyen (2018) that customer relationship influence firm performance at 0.01% significance level.

The finding of this research is consistent with the finding of Dinberu (2016) Duong and Nguyen (2018) that Level of information sharing the p value for level of information sharing is statistically significant.

The finding of this research is consistent with the finding of Duong and Nguyen (2018) that Quality of information sharing influence firm performance at 0.01% significance level.

The finding of this research is consistent with the finding Kohet *al.* (2007) and Agus (2011) that showed lean practices have direct positive and significant impact on organizational performance

As the test results indicate there is positive relationship between strategic supplier partnership and organizational performance with correlation coefficient of 0.718 ($r=0.718$) and significance value less than 0.001. This study is consistent with the work of Mustefa (2014) indicates that there is positive relationship between strategic supplier partnership and organizational performance

The other practice of SCM is customer relationship, which is positively correlated with organizational performance with Pearson correlation coefficient 0.737 ($r=0.737$) and significant level less than 0.001. The finding of this study is consistent with the work of Mollel (2015) .Based on the study result there was strong, positive correlation between customer relationship and organizational performance which was statistically significant.

Level of information sharing is one among the constructs of SCM practices which has strong positive relationship with organizational performance with correlation coefficient 0.747 ($r=0.747$) and significant value less than 0.001. This result is consistent with the work of and Dinberu (2016) which describes there

was strong, positive correlation between Level of information sharing and organizational performance which was statistically significant.

Quality of information sharing is the other construct of SCM practices which has positive and strong relation with organizational performance with correlation coefficient 0.742 ($r=0.742$) and significance value less than 0.001. This finding is supported by the work of Mollel (2015) which indicates there was strong, positive correlation between the quality of information sharing and organizational performance which was statistically significant

Internal lean practice is also one construct of SCM practices which is positively correlated with organizational performance with coefficient 0.700 ($r=0.700$) and significance level less than 0.001. As Mollel (2015) describes there was strong, positive correlation between Internal lean practice and organizational performance which was statistically significant

Therefore, the result in this study is consistent in accordance to the work of previous studies, that is, SCM practices have direct and positive influence on organizational performance. For example, Li *et al.* (2006), Bratić (2011), Adebayo (2012 and Mensah *et al.*, (2014) used similar dimensions of SCM practices (strategic supplier partnership, customer relationship and level and quality of information sharing) and their result showed that the implementation of SCM practices can directly improve an organization's financial and marketing performances in the long run. Studies done by Kohet *al.* (2007) and Agus (2011) had result that showed lean practices have direct positive and significant impact on organizational performance

In general SCM practices have strong positive relationship with organizational performance with Pearson correlation coefficient 0.847 ($r=0.847$) and significance value less than 0.001. It also explains 71.1% organizational performance. This finding is consistent with Adebayo (2012) who describes SCM practices as 'the task of integrating organizational units along a supply chain and coordinating materials, information and financial flows in order to fulfill (ultimate) customer demands with the aim of improving competitiveness of the supply chain as a whole'. Thus, the prime aim of realizing the enhancement of organizational performance in supply chain is to produce value whether in the form of products or services to end user.

CHAPTER FIVE

SUMMARY OF MAJOR FINDINGS, CONCLUSION AND RECOMMENDATION

5.1 Summary of Findings

The main purpose of the study was to examine the effect of Supply chain management Practices on organizational performance in Awash Wine S.c. Awash Wine orientation of Supply Chain was evaluated through five SCMP dimensions including Strategic Supplier Partnership, Customer Relationship, Level of Information Sharing, Quality of information sharing and Internal lean practices . Based on the results of the study the summary of major findings are as follows.

With regard to the Pearson correlation analysis, it can be clearly seen as that the five supply chain management practice constructs namely Strategic Supplier Partnership, Customer Relationship, Level of Information Sharing, Quality of information sharing and Internal lean practices are positively related to Organizational Performance.

- Supply chain management Practices and Organizational Performance have positive relationship, $r=0.847$
- Strategic Supplier Partnership and Organizational Performance have positive relationship, $r=0.718$
- Customer Relationship and Organizational Performance have positive relationship, $r=0.737$
- Level of Information Sharing and Organizational Performance have positive relationship, $r= 0.747$
- Quality of information sharing and Organizational Performance have positive relationship, $r= 0.742$
- Internal lean practices and Organizational Performance have positive relationship= 0.700

Regression analysis result of the study shows that Supply chain management Practices explains Organizational Performance. SCMP constructs that significantly influenced organizational performance were Customer relationship, Level of information sharing, Quality of Information Sharing, Internal and Lean practices. Whereas, Strategic supplier partnership not statistically significant to influence the organizational performance .The regression analysis indicated that 71.1% of Organizational Performance is explained by Supply chain management Practices.

5.2 Conclusion

Based on previous theories and researches conducted in the areas of Supply Chain Management Practices and its outcomes, this study could show clear links between SCMP and Organizational Performance, which helps to deeply understand the relationship and interaction between them. The findings partially support the assumption that Supply chain management practice constructs can increase Organizational Performance. In this study, the effect of five variables (Strategic Supplier Partnership, Customer Relationship, Level of Information Sharing, quality of information Sharing and Internal lean practices) on organizational performance was investigated.

Based on the study result, we can conclude that Strategic Supplier Partnership and the organizational performance of Awash Wine S.C are positively related. However, Strategic Supplier Partnership is not statistically significant to influence organizational performance.

According to the results of this study, it can be concluded that customer relationship and the organizational performance of Awash Wine S.C are positively related. In addition, customer relationship has a significant effect on organizational performance.

According to the results of this study, it can be concluded that Level of Information Sharing and the organizational performance of Awash Wine S.C are positively related. In addition, Level of Information Sharing has a significant effect on organizational performance.

Based on the study result, we can conclude that Quality of Information Sharing and the organizational performance of Awash Wine S.C are positively related. In addition, Quality of Information Sharing has a significant effect on organizational performance.

According to the results obtained from the research, Internal Lean Practices has a positive and significant effect and is the most important dimension of SCMP that Awash Wine S.C should focus in order to boost their organizational performance in the long run.

5.3 Recommendation

The findings of this research can be important evidence for managers who take charge of supply chain management practices. In light of the findings and conclusions, the following possible recommendations are suggested as being valuable for improving Supply chain management practices to assure Organizational Performance.

From the study, it was established that Strategic Supplier Partnership had been moderately exploited to boost organizational performance. The study therefore recommended that the case company should create a competitive advantage by creation of supplier competencies to create customer value and achieve differentiation advantages. It should also consider integrating suppliers with customers as a competitive strategy to improve market and financial performance of the organization. The case company should also manage its affairs and interactions with the organizations that supply goods and services. This includes communications, business practices, negotiations, methodologies and systems that are used to establish and maintain a relationship with a supplier. Benefits include lower costs, higher quality, better forecasting and less tension between the two entities that result in a win-win relationship (Cohen, 2004).

From the study, it was established that Customer Relationship had been moderately exploited. Another important issue that is suggested to the case company's marketing department is improving the relationship with customers through a continuous information sharing, follow-up them and get feedback, monitoring customers' perceptions towards the product of the company, improving its compliant management through conducting market research for better responsiveness.

From the study, it was established that Level of Information Sharing had been exploited moderately to boost organizational performance. The study therefore, recommended that the case company should improve and invest on IT facilities to enhance information sharing both internally and externally. This can be done through hiring IT specialists or outsourcing. More importantly, the case company is suggested to improve its relationship with suppliers from simply buy-sale relationship to a modern supply chain relationship through establishing strategic or long term relationship, contract, and continuous information sharing in order to minimize supply uncertainty which resulted in demand and supply unmatched and dissatisfaction of customers of the case company. Because, this could help the case company to obtain the inputs at the right

time and quantity from these suppliers and provide the required quantity by the customers when they need it. So that, this will minimize the dissatisfaction of customers due to shortage of materials.

From the study, it was established that Quality of Information Sharing had been exploited moderately to boost organizational performance. However, this had been moderately exploited, thus the study recommended that the case company should improve information flow by leveraging information collected through Enterprise Resource Planning (ERP) and other transactional systems for optimized planning and improved information visibility. This is so because good supply chain involves management of the flow of goods and any related information as well. The study also recommended that the case company should employ IT in their operations for improved performance because information sharing improves visibility of supply chain by enabling effective decision making if the information is relevant, accurate, timely and reliable (Simutupang and Sridharan, 2005).

From the findings of this study, internal lean practices had been exploited moderately to boost organizational performance. It is recommended that lean practices should be adopted by the case company and management should engage more resources to ensure that key practices such as demand management and waste management are fully implemented to ensure great Organizational Performance. This is so because Lean Adopters had significantly fewer inventories to support a day's sales activity, and fewer days were required to collect revenue from those sales. These differences not only reduce costs; they also dramatically impact the firm's ability to be responsive to changes in the overall supply chain, because they do not carry excessive levels of inventory or have cash tied up in unpaid customer invoices.

Generally, So as to be competitive enough, it is better for the case company to give due attention on SCM practices for more improvement of their Organizational Performance. In order to achieve advancement in marketing and financial performance in the long run through enhancing organizational performance, it is better for the organization to give due emphasis on SCM practices.

5.4 Areas for Further Study

This study directly focuses on Supply chain management practices and its effect on organizational Performance in Awash Wine S.C. This research can be further explored by adding more Supply chain management practice dimensions like BPR, Distribution Planning, and others which could influence Organizational Performance. The study also formed a basis for further research in determining the extent to which information technology effects on customer satisfaction in organizations. This is because customer satisfaction has come to be regarded as a key business strategy of every organization and a benchmark against which many organizations have set their standards. The findings also formed a basis in carrying out a study on the effects of supply chain management practices on employee satisfaction in wine industries or other sectors engaged in production of goods.

References

- A.G. de Kok and S.C. Graves, Eds. (2003), *Handbooks in OR & MS*, Vol. 11_ Elsevier B.V
- A. Gunasekaran, C. Patel, Ronald E. Mc Gaughey.(2004),“A framework for supply chain performance measurement”, *Int. J. Production Economics* ,87, pp. 333–347
- Adebayo, I. Toyin. (2012) , “Supply Chain Management (SCM)Practices in Nigeria Today: Impact on SCM Performance”, *European Journal of Business and Social Sciences*, Vol. 1, No. 6, pp 107 – 115
- Admasu Shegie,(2016), “Analysis of the relationship between customers’ bank selection factors, satisfaction and loyalty: in the case of selected banks in Ethiopia”, Addis Ababa University School of Commerce Department of Marketing Management, A thesis for a partial fulfillment of MA Marketing Management Program
- Ahmadi, H. (2005), “Supply Chain Management”, Tehran, Iran Industrial Research Center
- Agus, A. (2011), “Supply chain management, supply chain flexibility and business performance”. *Journal of Global Strategic Management*, 5(1):134-145
- Amy Zuckerman. (2002), *Supply Chain Management*, Capstone Publishing
- Andy Field. (2009), *discovering statistics using SPSS*, SAGE Publications Ltd
- Asha a. Mollel. (2015), “impact of supply chain management practices on organizational performance in food processing firms of Dar es Salaam”, Tanzania, Mzumbe University
- Assefa Balda. (2011), “Study on supply chain management practices a case study of kaliti food Share Company”. school of graduate studies, College of Management, Informatics and Economic Science, Department of Management in partial fulfillment of the requirements for the degree of Masters of Business Administration (MBA)
- Barney, J. (1991), "Firm resources and sustained competitive advantage.", *Journal of Management*, Vol. 17 No. 1, pp. 99-120
- Berry, D., Towill, D. R., &Wadsley, N. (1994), “Supply chain management in the Electronics products industry”, *International Journal of Physical Distribution and Logistics Management* 24(10), 20–32.
- Biniyam gizaw.(2016),“The effect of supply chain integration on operational performance in Ethiopian trading enterprises”. A thesis submitted to the school of commerce Addis Ababa university in partial fulfillment of the requirements for the degree of master of arts in logistics and supply chain management
- Bowersox, D., Closs, D. J., & Stank, T. P. (1999), *21st Century Logistics: Making Supply Chain Integration a Reality*. Oak Brook: Council of Logistics Management.

- Boyle, T.A., Scherrer, R.M. (2009), "An empirical examination of the best practices to ensure manufacturing flexibility", *Journal of Manufacturing Technology Management*, Vol.20, No. 3, pp. 348-366.
- Burns, N., and Grove, S.K. (2001), *The Practice of Nursing Research: Conduct, Critique and Utilization* (4th ed.). Philadelphia: W.B. Saunders Company.
- Chen, J.C., Cheng, C.H., Huang, P.B. (2013), "Supply chain management with lean production and RFID application: A case study", *Expert Systems with Applications*, Vol. 40, No. 9, pp. 3389-3397.
- Childhouse, P. and Towill, D. R. (2003), "Simplified Material Flow Holds the Key to Supply Chain Integration", *OMEGA*
- Chow, W. S., Madu, C. N., Kuei C.- H., Lu, M.H., Lin, C. & Tseng, H. (2008), "Supply Chain Management in the US and Taiwan: An Empirical Study," *Omega*, 36(1). 665 – 679.
- Christopher, M. (2005), *Logistics and Supply Chain Management*. Harlow: Prentice Hall.
- Cigolini R, Cozzi M, Perona M. (2004), "A new framework for supply chain management: conceptual model and empirical test", *International Journal of Operations and Production Management* 24(1):7–14.
- Clark TH, Lee HG.(2000), *Performance, interdependence and coordination in business-to-business electronic commerce and supply chain management*. *Information Technology and Management*; 1(1, 2):85–105
- Cohen, J.(2004), *Statistical Power Analysis for the Behavioral Science*, 2nd Edition, Ruotledge, New York.
- Cousins, P. D., Lawson, B. and Squire, B. (2006), "Supply chain management: theory and practice – the emergence of an academic discipline", *International Journal of Operations & Production Management*, 26: 697-702.
- Creswell, J. W .(2003), *Research design: Qualitative and quantitative and Mixed Methods approaches*, 2nd ed, Sage Publications, London, New Delhi
- Creswell, J.W. (2005). *Educational research: Planning, conducting and evaluating quantitative and qualitative research* (2nd ed.), Upper Saddle River, N.J: Pearson Merrill Prentice Hall
- Creswell, J.W. (2009), *Qualitative Quantitative, and Mixed Methods Approaches*, 3rd ed. Sage Publication, Los Angeles
- CSCMP (2017): *Supply Chain Management and Logistics Management Definitions*. Retrieved from cscmp.org/CSCMP/Educate/SCM_Definitions_and_Glossary_of_Terms.aspx on December 30,2017
- Diana Bratić. (2011), *Achieving a Competitive Advantage by SCM*, Department of Economics, Faculty of Graphic Arts, University of Zagreb, Zagreb, Croatia

- Dinberu yibeltal. (2016), “Supply Chain Management Practices and Performance of Ethiopian Public Merchandise Business Enterprise, The case of Ethiopian Industrial Inputs Development Enterprise”
- Duong Vu Xuan Quynh, Nguyen Hoang Huy.(2018), “Supply Chain Management Practices, Competitive Advantages and Firm Performance: A Case of Small and Medium Enterprises (SMEs) in Vietnam” International University-Vietnam National University, Ho Chi Minh City, Vietnam
- Dyer, J. H., & Singh, H. (1998), the relational view: Cooperative strategy and sources of inter-organizational competitive advantage. *Academy of Management Review*, 23(4), 660–679.
- Feldmann M, Müller S. (2003) ,An incentive scheme for true information providing in supply chains, *OMEGA*; 31(2):63–73
- Field, A. (2005), *Discovering Statistics using SPSS: 2ndEdn*. SAGE Publication India Pvt Ltd.
- Foerster, K., Reuter, C., Hartmann, E., Blome, C. (2010), “Managing supplier sustainability risks in a dynamically changing environment—Sustainable supplier management in the chemical industry”, *Journal of Purchasing and Supply Management*, Vol. 16, No. 2, pp. 118-130.
- Foss, Nicolai. (1998), “The Resource-Based Perspective: An Assessment and Diagnosis of Problems”, *Scandinavian Journal of Management*, Vol. 14, No. 3, 133-149.
- Garson, A. (2012), *Testing Statistical Assumptions: statistical Association publishing*.
- Garza-Reyes, J.A., Parkar, H.S., Oraifige, I., Soriano-Meier, H. and Harmanto, D. (2012), “An empirical-exploratory study of the status of lean manufacturing in India”, *International Journal of Business Excellence*, Vol. 5, No. 4, pp. 395–412.
- George, D., & Mallery, P. (2003), *SPSS for Windows step by step: A simple guide and reference*. 11.0 update (4th ed.). Boston: Allyn & Bacon.
- Gunasekaran A, Patel C, Tirtiroglu E. (2001).Performance measures and metrics in a supply chain environment. *International Journal of Operations and Production Management*, 21(1/2), 71-87
- H/Michael D. (2011), “Supply Chain Performance of selected leather Footwear firms in Addis Ababa: School of business & public administration masters of business Program”
- Hines, P., Holweg, M., Rich, N. (2004), “Learning to evolve: a review of contemporary lean thinking”, *International Journal of Operations & Production Management*, Vol. 24, No. 10, pp. 994-1011.
- Holmberg S. (2000), “A systems perspective on supply chain measurements”, *International Journal of Physical Distribution and Logistics Management*; 30(10):847–68.
- In Tae Lee, Hyo Chang Lim and Jong SeokHong .(2017) , “The Effects of Information Sharing Between Module Buyer and Supplier on Mass Customization”, *International Journal of Applied Business and Economic Research*, Serials Publications Pvt. Ltd.

- Inda Sukatia, Abu Bakar Hamida, Rohaizat Baharuna, Rosman MdYusoff.(2012),“The Study of Supply Chain Management Strategy and Practices on Supply Chain Performance Malaysia manufacturing industry”, *Social and Behavioral Sciences* 40 ,pp.225 – 233
- Jared Omondi Okello. (2014), “Influence of supply chain management practices on performance of the Nairobi securities exchange’s listed, food manufacturing companies in Nairobi” *international journal of social sciences and entrepreneurship*, 1 (11), 107-128.
- Jie, F., Parton, K. and Cox, R. (2007), “Supply chain practice, supply chain performance indicators and competitive advantage of Australian beef enterprises: a conceptual framework”, A paper presented at AARES 51st Annual Conference, Queenstown, New Zealand.
- Joseph A. Gliem Rosemary R. Gliem,(2003) Calculating, Interpreting, and Reporting Cronbach’s Alpha Reliability Coefficient for Likert-Type Scales , Midwest Research to Practice Conference in Adult, Continuing, and Community Education
- Julia Wolf. (2008), the Nature of Supply Chain Management Research Insights from a Content Analysis of International Supply Chain Management Literature from 1990 to 2006, Dissertation European Business School Oestrich-Winkel
- KayvanMiriLavassani, Bahar Movahedi.(2010), “Critical Analysis of the Supply Chain Management Theories: Toward the Stakeholder Theory”, Carleton University, Ottawa, Canada
- Koh, S.C. L., Demirbag, M., Bayraktar, E., Tatoglu, E. &Zaim, S. (2007), “The impact of supply chain management practices on performance of SMEs”. *Industrial Management & Data Systems* Vol. 107 No. 1, 2007 pp. 103-124
- Kotari, C. R. (2004), *Research Methodology: Methods and Techniques*, 2nd ed. New Age International Publisher, India.
- Lavie, D. (2006), the competitive advantage of interconnected firms: An extension of the resource-based view. *Academy of Management Review*, 31(3), 638–658.
- Li, S. Rao, S. & Ragu-Nathan, B. (2005) ‘Development and Validation of measurement Instrument for Studying Supply Chain Management practices’, *Journal of operation management*, 23 (6): 618-641.
- Li Suhong, Bhanu Ragu-Nathan, T.S. Ragu-Nathan, S. Subba Rao. (2006,) “The impact of supply chain management practices on competitive advantage and organizational performance”, *Omega* 34, *International Journal of Management Science*, 34: 107
- Linnet Moraa , Willy Muturi, Charles Munene(2015), “Effects of Supply Chain Management Practices on Organizational Performance: A Case of Kenya Wine Agencies Limited, Nairobi”, *The International Journal Of Business & Management* (ISSN 2321 –8916), Vol 3 Issue 4

- Makena Naomi Mutuerandu (2014), "Impact of Supply Chain Management Practices on Organizational Performance: A Case Study of Haco Industries Limited (Kenya)", IOSR Journal of Business and Management (IOSR-JBM) Volume 16, PP 62-64
- Maloni, M.J., Benton, W.C.(1997), "Supply chain partnerships: Opportunities for operations research", European Journal of Operational Research 101, 419–429.
- Martin Christopher. (2011), Logistics& Supply Chain Management, Fourth edition Pearson education limited
- Mbuthia, M. G &Rotich, G. (2014), "Effects of Supply Chain Management Practices on Competitive Advantage in Retail Chain Stores in Kenya, A Case Study of Nakumatt, Holding Limited", European Journal of Business Management, 2 (1), 336-349.
- Mentzer, J. T., DeWitt, W., Keebler, J. S., et al. (2001), " Defining supply chain management", Journal of Business Logistics, Vol. 22 (2), pp. 1-25.
- Mensah, C., Diyuoh, D. and Oppong, D. (2014).Assessment of supply chain management practices and its effects on the performance of Kasapreko Company Limited in Ghana. European Journal of Logistics Purchasing and Supply Chain Management, Vol.2, No. 1, pp.1- 16
- Michael Hugos. (2003), Essentials of Supply Chain Management, John Wiley & Sons, Inc.
- Moberg CR, Cutler BD, Gross A, Speh TW. (2002), "Identifying antecedents of information exchange within supply chains", International Journal of Physical Distribution and Logistics Management, 32(9):755–70.
- Moh'd Anwer Radwan Al-Shboul, Kevin D. Barber, Jose Arturo Garza-Reyes, Vikas Kumar, M Reza Abdi(2017) , "the effect of supply chain management practices on supply chain and manufacturing firms' performance", Journal of Manufacturing Technology Management.
- Mugenda, A. G. and Mugenda, O.M. (2003), Research Methods; Qualitative and quantitative Approaches. Nairobi: Kenya Acts Press.
- Muhammad, B. H. (2004), Supply chain management: Practices, performance and its impact on business performance. Being an unpublished M. Sc Thesis of the University of Utara, Malaysia.1-67.
- Muluken Kebede.(2014), "An assessment of Physical Distribution Practices In case of Awash Winery S.C".
- Mustefa Mohammed. (2014), "Supply Chain Management Practices and Firm Performance in Case of Awash Tannery Plc."
- Mwale hilda.(2014), "supply chain management practices and organizational performance of large manufacturing firms in Nairobi, Kenya".

- Noble D. (1997), Purchasing and supplier management as a future competitive advantage edge, *Logistic Focus*, 5(5): 23-27. *Operations & Production Management*, 26: 697-702.
- Peter D., (1998), New Management Paradigms, *MIS Quart*, 10(2), pp.120- 158
- Peteraf, Margaret and Barney, Jay. (2003), “Unraveling The Resource-Based Tangle”, *Managerial and Decision Economics*, Vol. 24, 309-323.
- Peteraf, Margaret. (1993), “The Cornerstones of Competitive Advantage: A Resource-Based View”, *Strategic Management Journal*, Vol. 14, No. 3, 179-191.
- Power D. (2005), “Supply Chain Management Integration and Implementation: A Literature Review”, *Supply Chain Management: An International Journal*, 10(4): 252-263. practice – the emergence of an academic discipline’, *International Journal of*
- Qrunfleh, S., Tarafdar, M. (2013), “Lean and agile supply chain strategies and supply chain responsiveness: the role of strategic supplier partnership and postponement”, *Supply Chain Management: An International Journal*, Vol. 18, No. 6, pp. 571-582.
- Rachel kerubo mayaka. (2015), “effect of supply chain management practices on performance of Barclays bank of Kenya limited”, university of Nairobi
- Schutt, R. K. (2011), *Investigating the social world: the process and practice of research*. 7th Ed. SAGE Publications, Inc.
- Sekaran, U. (2003), *Research Methods for Business – A Skill Building Approach* (4th Edition). John Wiley & Sons. Inc., U.S.
- Shah R, Goldstein SM, Ward PT. (2002), Aligning supply chain management characteristics and inter organizational information system types: an exploratory study. *IEEE Transactions on Engineering Management* 49(3): 282–92.
- Simatupang, T. M. and Sridharan, R. (2005), “An Integrative Framework for Supply Chain Collaboration”, *International Journal of Logistics Management*, 16(2), pp. 257- 274.
- Stock GN, Greis NP, Kasarda JD. (2000), “Enterprise logistics and supply chain structure: the role of fit”. *Journal of Operations Management*; 18(5):531–47.
- Tan KC, Kannan VR, Handfield RB (1998), “Supply chain management: supplier performance and firm performance”, *International Journal of Purchasing and Materials Management* 34(3):2–9.).
- Tan, K. C., Lyman, S. B., and Wisner, J. D. (2002), “Supply Chain Management: A Strategic Perspective”, *International Journal of Operations and Production Management*, 22(6), pp. 614–631
- Terry P. Harrison, Hau L. Lee, John J. Neale. (2004), *the practice of supply chain Management: where theory And application converge*, Springer Science & Business Media, Inc.

- Vickery S, Calantone R, Droge C (1999), "Supply chain flexibility: an empirical study", *Journal of Supply Chain Management*;35(3):16–24.
- Walliman, N. (2006), *Social Research Methods*, SAGE Publications Ltd, London
- Wijetunge W.A.D.S. (2016) , "The Role of Supply Chain Management Practices in Achieving Organizational Performance Through Competitive Advantage in Sri Lankan Smes" , *Proceedings of 54th ISERD International Conference Singapore*, 17th-18th November 2016, ISBN: 978-93-86291-37-0
- Wines L. (1996), High order strategy for manufacturing, *The Journal of Business Strategy*, 17(4):32-3.
- Woldemichael, D. A. (2012), "The impact of supply chain management practices on the organizational performance of basic metal and engineering industries in Ethiopia". Master's Degree, University of South Africa.
- Yamin S, Gunasekaran A, Mavondo FT. (1999), Relationship between generic strategy, competitive advantage and firm performance: an empirical analysis. *Technovation* 1999; 19(8):507–18.
- Zhang, QY .(2001), Technology infusion enabled value chain flexibility: a learning and capability-based perspective. Doctoral dissertation, University of Toledo, Toledo, OH,

Appendix I-Descriptive statistics of SCMP

Strategic Supplier Partnership	N	Mean	Std. Deviation
Our firm consider quality as our number one criterion in selecting suppliers	75	3.95	.943
Our firm regularly solve problems jointly with our suppliers	75	3.93	.875
Our firm have helped our suppliers to improve their product quality	75	3.76	.928
Our firm have continuous improvement programs that include our key suppliers	75	3.85	.954
Our firm include our key suppliers in our planning and goal-setting activities	75	3.68	1.016
Our firm actively involve our key suppliers in new product development processes	75	3.72	1.008
	75	3.81	0.72
Customer Relationship	N	Mean	Std. Deviation
Our firm frequently interact with customers to set reliability, responsiveness, and other standards for us	75	3.84	1.001
Our firm frequently measure and evaluate customer satisfaction	75	3.88	.958
Our firm frequently determine future customer expectations	75	3.67	1.018
Our firm facilitate customers' ability to seek assistance from us	75	3.41	1.015
Our firm periodically evaluate the importance of our relationship with our customers	75	3.76	.998
	75	3.7	0.82
Level of Information Sharing	N	Mean	Std. Deviation
Our firm inform trading partners in advance of changing needs	75	3.61	.914
Our trading partners share proprietary information with us	75	3.89	1.098
Our trading partners keep us fully informed about issues that affect our business	75	3.69	1.000
Our trading partners share business knowledge of core business processes with us	75	3.67	1.031
Our firm and our trading partners exchange information that helps establishment of business planning	75	3.84	1.014
Our firm and our trading partners keep each other informed about events or changes that may affect the other partners	75	3.72	.952
	75	3.74	0.82

Quality of Information Sharing	N	Mean	Std. Deviation
Information exchange between our trading partners and us is timely	75	3.65	.937
Information exchange between our trading partners and us is accurate	75	3.65	.937
Information exchange between our trading partners and us is complete	75	3.63	.969
Information exchange between our trading partners and us is adequate	75	3.65	.966
Information exchange between our trading partners and us is reliable	75	3.84	.931
	75	3.7	0.75
Internal Lean Practices	N	Mean	Std. Deviation
Our firm streamlines ordering, receiving, and other works from suppliers	75	3.84	0.839
Our firm has continuous quality improvement program	75	4.20	0.788
Our firm buys products in smaller batches only when they are needed at the place where they are needed and exactly in the quantity required (Just in Time) ‘‘Pull’’ production system	75	3.75	0.902
Our firm policy looking for reducing set-up time	75	4.01	0.846
Our firm pushes suppliers for shorter lead-times	75	3.79	0.920
Time has been reduced for inspection of the incoming Materials/components/Products	75	3.85	.865
	75	3.9	0.61
Organizational Performance	N	Mean	Std. Deviation
Market share	75	3.99	.993
Return on investment	75	3.96	.861
The growth of market share	75	4.15	1.062
The growth of sales	75	3.81	1.023
Growth in return on investment	75	3.53	1.107
Profit margin on sales	75	4.03	.900
Overall competitive position	75	4.01	.893
	75	3.9	0.59

Appendix II-Questionnaire
Addis Ababa University
School of Commerce
Department of Logistics and Supply Chain Management
Questionnaire

Dear Participants;

This questionnaire is developed for an academic effort planned for the collection of data to conduct a thesis paper on the title “**The Effect of Supply Chain management practices on organizational performance in Awash Wine S.C. Ethiopia**”. The study is purely for academic purpose and thus not affects you in any case. All responses will be kept confidential and will not traceable to individual respondent. So, your genuine, frank and timely response is vital for successfulness of the study. Therefore, I kindly request you to respond to each items of the question very carefully.

Thank you Very much!!

Part I. General Information

1. Educational Qualification

Grade 10 completed ☐ Grade 12 completed☐ Certificate☐

College diploma ☐ First Degree ☐Second Degree and above☐

2. Job Title

CEO/President ☐Vice President/deputy manager☐Director/manager☐

Team leader☐Expert☐Other_____

3. Length of Service in the organization

Under 1 year☐1–5 years ☐6–10 years ☐over 10 years☐

4. Your department/work unit_____

Part II: Supply Chain Management Practices of Awash Wine S.C

The following questions are about how your organization has been practicing supply chain management. Please circle the appropriate number to indicate the extent to which you agree or disagree with each the following statement based on your experience working in this organization. The item scales are five-point Likert type scales with 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree

<i>Strategic supplier partnership:</i>		<i>Strongly disagree</i>	<i>Disagree</i>	<i>Neutral</i>	<i>Agree</i>	<i>Strongly agree</i>
1	Our firm consider quality as our number one criterion in selecting suppliers	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
2	Our firm regularly solves problems jointly with our suppliers.	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
3	Our firm has helped our suppliers to improve their product quality.	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
4	Our firm has continuous improvement programs that include our key suppliers.	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
5	Our firm include our key suppliers in our planning and goal-setting activities	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
6	Our firm actively involves our key suppliers in new product development processes.	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
<i>Customer relationship :</i>		<i>Strongly disagree</i>	<i>Disagree</i>	<i>Neutral</i>	<i>Agree</i>	<i>Strongly agree</i>
1	Our firm frequently interacts with customers to set reliability, responsiveness, and other standards for us.	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
2	Our firm frequently measure and evaluate customer satisfaction.	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
3	Our firm frequently determine future customer expectations	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
4	Our firm facilitates customers' ability to seek assistance from us.	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
5	Our firm periodically evaluates the importance of our relationship with our customers.	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>

Level of information sharing :		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1	Our firm informs trading partners in advance of changing needs.	1	2	3	4	5
2	Our trading partners share proprietary information with us.	1	2	3	4	5
3	Our trading partners keep us fully informed about issues that affect our business.	1	2	3	4	5
4	Our trading partners share business knowledge of core business processes with us.	1	2	3	4	5
5	Our firm exchange information with trading partners to establish our business planning.	1	2	3	4	5
6	Our firm keeps in touch frequently with our trading partners and informs each other about any changes/events that may affect the other partners.	1	2	3	4	5
Quality of Information Sharing :		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1	Information exchange between our trading partners and us is timely.	1	2	3	4	5
2	Information exchange between our trading partners and us is accurate.	1	2	3	4	5
3	Information exchange between our trading partners and us is complete.	1	2	3	4	5
4	Information exchange between our trading partners and us is adequate.	1	2	3	4	5
5	Information exchange between our trading partners and us is reliable.	1	2	3	4	5
Internal Lean practices:		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1	Our firm streamlines ordering, receiving, and other works from suppliers	1	2	3	4	5
2	Our firm has continuous quality improvement program.	1	2	3	4	5
3	Our firm buys products in smaller batches only when they are needed at the place where they are needed and exactly in the quantity required (Just in Time) “Pull” production system	1	2	3	4	5
4	Our firm policy looking for reducing set-up time.	1	2	3	4	5
5	Our firm pushes suppliers for shorter lead-times	1	2	3	4	5
6	Time has been reduced for inspection of the incoming Materials/components/Products.	1	2	3	4	5

Part III: Organizational Performance

Regarding organizational performance of Awash Wine S.C, please circle appropriate number which best indicates firm's overall performance.

As compared to other wines in Ethiopia, Awash Wine's		<i>Significantly poor</i>	<i>poor</i>	<i>Same as others</i>	<i>Better</i>	<i>Significantly Better</i>
1	Market share.	1	2	3	4	5
2	Return on investment.	1	2	3	4	5
3	The growth of market share	1	2	3	4	5
4	The growth of sales.	1	2	3	4	5
5	Growth in return on investment	1	2	3	4	5
6	Profit margin on sales.	1	2	3	4	5
7	Overall competitive position.	1	2	3	4	5

Final comments:

a) If you have any opinion about the supply chain management practices of Awash Wine SC?

b) If you have any comment on the overall performance of Awash Wine SC?

Thank you very much again!!!