

MASTER OF SCIENCE
IN INTERNATIONAL BUSINESS

THE EFFECT OF SUPPLY CHAIN MANAGEMENT PRACTICES ON ORGANIZATIONAL PERFORMANCE: IN THE CASE OF PEPSICO ETHIOPIA

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APRIL 2026
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DECLARATION

I, the undersigned, Nahome Kebede, declare that the Thesis entitled “The Effect of Supply Chain Management Practices on Organizational performance: In the Case of PepsiCo Ethiopia”, is the study I did by myself with support and guidance of my advisor. This research paper has not been submitted to this institution or others for degree or diploma programs. The sources used for this research paper have been cited and properly accredited.

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This is to certify that Nahome Kebede GSE/1982/15 has carried out her research entitled "The Effect of Supply Chain Management Practices on Organizational Performance: A Case Study of PepsiCo Ethiopia." The thesis has been approved as partial fulfillment of the requirements for the Master of Science in International Business degree.

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APPROVAL OF THE THESIS PROPOSAL

ADDIS ABABA UNIVERSITY

SCHOOL OF GRADUATE STUDIES MA PROGRAM

This is to certify that the thesis prepared by Nahome Kebede, entitled: "The Effect of Supply Chain Management Practices on Organizational performance: In the Case of PepsiCo Ethiopia" Submitted in partial fulfilment of the requirements for the Degree of Master's in International Business complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

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ACKNOWLEDGEMENT

Firstly, I give all glory and thanks to God, whose guidance, strength, and grace have sustained me throughout this journey.

I would like to thank my advisor, Dr. Desalegn, for his support, criticism, and encouragement while I was doing my research.

I would also like to thank PepsiCo Foods Ethiopia employees for facilitating and providing the necessary resources and access that made this research possible.

Lastly, I thank my family for their unwavering love and support which has been my constant source of motivation.

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ACCRONOMYS

CM - Customer Management

CRM: Customer Relationship Management

CSCMP: Council of Supply Chain Management Professionals

HC: Human Communication

IM: Information Management

IM: Inventory Management

IS: Information Systems

KII: Key Informants Interview

MIS: Management Information System

SC: Supply Chain

SCLP: Strategic Collaboration and Lean Practices

SCM: Supply Chain Management

SCMP: Supply Chain Management Professionals

SCN: Supply Chain Network

SM - Supplier Management

SRM- Supplier relationship management

SPSS 26: Statistical Package for Social Science Version

SWOT: Strength, Weakness, Opportunity and Threat

ABSTRACT

This study examines the effect of key supply chain management (SCM) practices on the organizational performance of PepsiCo Ethiopia, employing a mixed-methods approach that combines quantitative data from structured questionnaires administered to 138 respondents and qualitative insights from key informant interviews. The study investigates five core SCM practices- Level of Information Sharing, Strategic Supplier Partnership, Customer Relationship, Material Flow Management, and Corporate Culture- and their impact on organizational performance. Multiple regression analysis using SPSS 26 yields an R value of 0.833, an R^2 of 0.688 indicating that the five predictors collectively explain approximately 68.8% of the variance in organizational performance. The model is statistically significant ($F = 6.096$, $p < 0.001$). Among the predictors, Customer Relationship ($\beta = 0.749$, $p < 0.001$), Material Flow Management ($\beta = 0.687$, $p < 0.001$), and Corporate Culture ($\beta = 0.566$, $p < 0.001$) emerge as the primary drivers of organizational performance, while Strategic Supplier Partnership exhibits a negative coefficient ($\beta = -0.421$, $p = 0.024$) and Level of Information Sharing is statistically non-significant ($\beta = -0.016$, $p = 0.912$) in the current implementation context. Thematic analysis of interview data triangulates these findings, confirming that customer engagement, efficient material flow, and a performance-oriented culture are central to PepsiCo Ethiopia's operational success, while current supplier partnership and information-sharing practices require strategic realignment. The study recommends a shift from transactional to strategic supplier partnerships, investment in advanced information systems, a customer-centricity initiative, optimization of material flow through lean management practices, and a formal corporate culture transformation program to enhance overall organizational performance.

Key Terms: ***Level of Information Sharing, Strategic Supplier Partnership, Customer Relationship, Material Flow Management, Corporate Culture and Organization Performance***

CHAPTER ONE:

1. INTRODUCTION

1.1 Background of the Study

Supply chain management (SCM) is defined as an integrated approach beginning with planning and control of materials, logistics, services, and information stream from suppliers to manufacturers or service providers to the end client; it represents a most important change in business management practices (Kumar U, 2010). Supply chain management is one of the most effective ways for organizations to improve their performance (Yen DC, 2010).

Council of Supply Chain Management Professionals provides the following definitions for supply chain management: Supply Chain Management can be defined as the administration of the flow of materials and products, as well as all logistics management activities of acquiring or purchasing resources from the internal and external environment. But it highlights the fact that there exist a coordination and synchronization within the supply chain network, the suppliers, intermediaries, and third-party service providers, and the customers of the supplied products (Rostami et al., 2013).

The practice of SCM refers to complete set of actions which are done in organizations to improve the effectiveness in the internal supply chain (Adam Hamid, 2012). SCM practices are also defined as approaches applied in managing integration and coordination of supply, demand

and relationships in order to satisfy consumers in effective and profitable manners (Scannell, 2002).

Organizations are starting to realize the importance of the effective use of SCM practices on the performance of the organization. In the case of PepsiCo Ethiopia, a wholly owned subsidiary of the global food and beverage leader PepsiCo Inc., also witnesses the competitive and dynamic environment it operates in. PepsiCo Ethiopia manufactures and distributes a wide range of snack products catering to the needs of Ethiopian consumers. The Ethiopian manufacturing and distribution environment creates specific challenges and opportunities, such as infrastructure deficits, regulation constraints and uncertain customer demand. Hence, adopting and implementing effective SCM practice is very crucial for ensuring timely delivery, cost-effectiveness, quality control and customer satisfaction.

Organizations encounter different kinds of challenges as they try competing in today's

dynamic global markets. Especially in Ethiopian FMCG market, organizations must understand the importance of having an effective supply chain practice. Having an effective

supply chain practices helps improve FMCG companies to have their product in the market without any disruption and have smooth operations with their supply chain partners. Most organizations in Ethiopia struggle to understand the complexity of coordinated planning and supply activities in their supply networks.

Even though there is growing awareness of SCM's role in organizational success, there remains a gap in empirical research focusing on how key SCM practices such as information sharing, customer relationship, strategic supplier partnership, material flow management and corporate culture affect organizational performance.

This study examines the effect of supply chain management practices on the organizational performance of PepsiCo Ethiopia. Examining the effect of the SCM practices will also contribute to other multi-national and FMCG companies in developing countries.

1.2 Statement of the problem

Organizations face ongoing pressure to boost operational efficiency, lower costs, and enhance customer satisfaction especially in a market that is becoming more competitive and globalized. In developing countries like Ethiopia, most organizations encounter difficulties in implementing the SCM practices efficiently. Li et al. (2006) demonstrate that effective SCM practices significantly influence competitive advantage and organizational performance, yet empirical evidence from sub-Saharan FMCG contexts remains limited. Ibrahim and Hamid (2012) similarly confirm that integrated supply chain practices improve performance but note that findings from developed-country manufacturing sectors cannot be generalized to multinational firms operating in resource-constrained environments.

PepsiCo Ethiopia operates in a complex and evolving business environment and is required to navigate such issues as inconsistent supply networks, limited infrastructure, and regulatory hurdles. These issues can hinder the effectiveness of its supply chain operations and, consequently, its overall organizational performance. PepsiCo Ethiopia heavily relies on imported raw materials and packaging materials and is exposed to foreign exchange volatility with additional logistics, duty and clearance cost. These all contribute to a higher landed cost of materials compared to other competitors in the FMCG market. The organization management also needs to look at how processes are standardized, materials are strategically sourced and proper planning to mitigate risks in market constraints and improve the organizational performance in regards to cost, service and operational reliability. Bezabh (2017), in a study of Ethio Telecom, confirms that Ethiopian organizations that align SCM practices with operational strategy achieve significant performance improvements, pointing to

an empirical gap regarding multinational FMCG companies like PepsiCo Ethiopia. Shebeshe and Sharma (2024) further identify that sustainable supply chain practices improve organizational performance in Ethiopian manufacturing firms, yet no study has examined the specific effect of the five core SCM dimensions on performance within a global FMCG subsidiary operating in Ethiopia. This study therefore addresses a clear empirical gap in the SCM-performance literature by providing context-specific evidence from PepsiCo Ethiopia, contributing to the broader understanding of supply chain dynamics in developing-country FMCG markets.

In recent times, there has been an increase in competition targeting the snack category by different companies in Ethiopia. Hence, it is necessary for PepsiCo to focus and manage its supply chain effectively. By managing its supply chain effectively, PepsiCo Ethiopia can remain in the market by being competitive and maintaining quality of the product and reducing waste and associated costs of the supply chain. PepsiCo Ethiopia will be able to establish a strong supply chain by focusing on the SCM practices that significantly impact organizational performance.

This study aims to investigate the extent to which SCM practices impact the performance of PepsiCo Ethiopia. The findings aim to provide tangible insights for PepsiCo to enhance its supply chain efficiency and organizational success in the Ethiopian market.

1.3 Research Questions

1. How does the level of information sharing affect PepsiCo Ethiopia's organizational performance?
2. How does strategic supplier partnership affect PepsiCo Ethiopia's organizational performance?
3. How does customer relationship management affect PepsiCo Ethiopia's organizational performance?
4. How does material flow management affect PepsiCo Ethiopia's organizational performance?
5. How does corporate culture contribute to PepsiCo Ethiopia's organizational performance?

1.4 Research Objectives

1.4.1 General Objective

The general objective of the study is to examine the effect of key SCM practices on the organizational performance of PepsiCo Ethiopia.

1.4.2 Specific Objectives

1. To assess the impact of level of information sharing on the organizational performance of PepsiCo Ethiopia.
2. To evaluate the effect of strategic supplier partnerships on organizational performance of PepsiCo Ethiopia.
3. To analyze the effect of customer relationship management on the performance of PepsiCo Ethiopia.
4. To examine the effect of material flow management on organizational performance of PepsiCo Ethiopia.
5. To examine the effect of corporate culture on organizational performance of PepsiCo Ethiopia.

1.5 Significance of the Study

The significance of the study it to examine the effects of the five key SCM practices on the performance of PepsiCo Ethiopia. The research findings will identify which of the key SCM practices need more attention and focus. These findings and insights will support making more informed decisions and strategic planning within PepsiCo. It will also help the leadership teams and managers to draw strategies and improve the current policies they have in the supply chain to successfully compete in the market.

By examining the relationship between the SCM practices, such as information sharing, strategic supplier partnerships, customer relationship management, material flow management, and corporate culture, and organizational performance, the study will also be able to serve as a foundation for future research in similar markets. Especially in Ethiopia where empirical evidence is limited and supply chain operation is challenging, it will contribute by providing empirical evidence on the effect of supply chain management practices on organizational performance.

1.6 Scope of the Study

The scope of the study is to evaluate the effect of SCM practices on the performance of PepsiCo Ethiopia. It analyzes the five key SCM practices: information sharing, strategic supplier partnership, customer relationship management, material flow management, and

organizational/corporate culture. The study focuses specifically on the operation of PepsiCo Ethiopia and is aimed at employees and managers engaged in supply chain activities like procurement, logistics, and distribution. The research collects information by a structured surveys and interviews to assess the impact of these practices on performance.

1.7 Limitation of the Study

The primary limitation of this study is its single-organization, cross-sectional design, which confines the findings to PepsiCo Ethiopia and restricts generalizability to other firms or regions with different economic, cultural, and regulatory conditions.

Second, reliance on self-reported perceptual data introduces common method bias; organizational performance is measured through employee perceptions rather than objective financial indicators, which may reduce measurement accuracy.

Third, the scope of the study is limited to five SCM practice dimensions; other contextual variables such as digital technology maturity, institutional environment, and sustainability practices are not modelled, which may leave unexplained variance in organizational performance beyond what the current model captures.

The research paper didn't examine the direct impact of external factors like foreign exchange fluctuations, government regulations and customs clearing process which may influence performance organization.

Despite these limitations, this study provides meaningful empirical evidence on the effect of five key SCM practices on organizational performance within the specific context of PepsiCo Ethiopia.

1.8 Operational Definitions

Supply Chain (SC): Supply chain can be defined as the coordinated network of companies, people, activities, information and resources involved in moving a product or service from the raw material stage to the end user. They incorporate procurement of materials, which include raw materials, the actual production process, transportation, and lastly distribution (Christopher, 2016).

Supply Chain Management (SCM): Supply chain management is the monitoring and directing of supply chain processes in order to optimize the delivery of customer value and attain a superior competitive edge. It connects the coordination of supply and demand within and across organizations for the physical flow of goods, services, and information (Chopra & Meindl, 2020).

Supply Chain Management Practices (SCMP): refers to complete set of actions which are done in organizations to improve the effectiveness in the internal supply chain (Adam Hamid, 2012). SCM practices are also defined as approaches applied in managing integration and coordination of supply, demand and relationships in order to satisfy consumers in effective and profitable manners (Scannell, 2002).

Organizational Performance: According to Yamin (2009), organizational performance is the degree to which a company meets both its financial and market-oriented objectives. Every organization is there to accomplish a specific objective. The ultimate accomplishment of an organization is called organizational performance, and it includes several elements, including the presence of specific goals, the time required to reach these goals, and the fulfillment of effectiveness and efficiency (Blowfield & Dolan, 2010).

1.9 Structure of the Study

This research paper has five chapters. Chapter One is an introduction, covering nine subtopics: Background of the study, statement of the problem, research questions, research objectives, significance of the study, scope of the study, limitations of the study, operational definitions, and structure of the study. Chapter Two consists of literature reviews and includes three sections- theoretical review, empirical reviews and the conceptual framework. Chapter Three is about the research methodology, which consists of the research design, population, sample size, data collection methods, types of data collected, and data analysis approaches. Chapter Four presents the data analysis interpretations and research findings in relation to the research objectives. Finally, Chapter Five provides conclusions, recommendations, theoretical contribution and managerial implications for firms in Ethiopia and future research direction based on the findings of the research in regards to the effect of SCM practices on organizational performance specifically within the context of PepsiCo Ethiopia.

CHAPTER TWO:
2. RELATED LITERATURE REVIEW

2.1 Theoretical Review

2.1.1 Supply Chain Management

Supply chain management is the strategic coordination and collaboration of business functions across the supply chain to optimize operations, increase productivity and enhance competitiveness. Its primary objectives include cost reduction, quality improvement, and customer satisfaction (Stevens, 1989). Theoretical frameworks such as systems theory, transaction cost economics, and the resource-based view provide foundational insights into SCM, emphasizing the interconnectedness of supply chain elements and the importance of unique capabilities (Williamson, 1979; Barney, 1991). Various strategies within SCM, including sourcing, inventory, and distribution strategies, are employed to achieve operational efficiency (Chen & Paulraj, 2004).

According to Chandra (2012), it is defined as the management of operations that procure and supply materials, goods, services, and information necessary for creating value for customers. It is a view on how material and distribution are managed and the management of the interactions between different functions and departments within supply chain, starting from Planning to distribution.

2.1.2 Supply Chain Management Practices

The practice of SCM refers to complete set of actions which are done in organizations to improve the effectiveness in the internal supply chain (Adam Hamid, 2012). SCM practices are also defined as approaches applied in managing integration and coordination of supply, demand and relationships to satisfy consumers in effective and profitable manners (Scannell, 2002).

SCM practices consist of a series of actions undertaken by a company to facilitate efficient supply chain management. The immediate goals of SCM are to reduce lead times and inventory while increasing production efficiency. In the long term, SCM aims to enhance market share and supply chain integration (Lang, 2012).

2.1.2.1 Supply chain management practices dimensions

Researchers have explored supply chain management practices, highlighting different elements and dimensions that are used to assess these practices. Accordinfg to Chin et al. (2011) identified key elements such as information sharing, customer relationship, strategic supplier partnership, material flow management, and corporate culture as the key dimensions of SCM practices. While Inda et al. (2012) focused on the three practices, strategic supplier partnership, customer relationship, and information sharing. Chowa et al. (2008) emphasized suppliers and customer management, information sharing, speed of communication, and supply chain features. Min and Mentzer [2004] proposed a broader framework including agreed vision and goals, information sharing, risk and reward sharing, cooperation, process integration, long-term relationships, and agreed supply chain leadership.

The key SCM practices derived from theoretical frameworks include information sharing and technology integration, which are very important for facilitating real-time communication among supply chain partners. The implementation and use of technologies like Enterprise Resource Planning (ERP) systems enables organizations to improve decision-making and responsiveness to market changes (Chen & Paulraj, 2004). The other critical practices are Customer Relationship Management (CRM) and Supplier Relationship Management (SRM). CRM and SRM focus on building long-term partnerships among stakeholders based on trust and collaboration. Effective CRM and SRM can lead to enhanced performance and resilience within the supply chain, and contribute in mitigating risks associated with disruptions (Monczka et al., 1998). Organization culture also plays critical role in performance of the organization. A strong, adaptive culture supports lean initiatives, sustainability practices, and continuous improvement, all of which contribute to superior supply chain and organizational performance (El Baz et al. 2021).

Table 1: Dimensions of SCM practices

No	Author(s)	Dimensions
1	Chin et al. (2011)	Information sharing, customer relationship, strategic supplier partnership, material flow management and corporate culture
2	Inda et al. (2012)	Strategic supplier partnership, customer relationship, information sharing
3	Chowa et al. (2008)	Suppliers and customer management, information sharing, speed of communication, supply chain features
4	Min & Mentzer (2004)	Information sharing, risk and reward sharing, cooperation, process integration, long-term relationship, agreed supply chain leadership, agreed vision and goals
5	Chen & Paulraj (2004)	Supplier base reduction, long-term relationship, communication, cross-functional teams, supplier involvement

2.1.2.2 Information Sharing

Information sharing is the ability to of the firm in sharing knowledge with supply chain partners in an effective and efficient approach. Effective information sharing is considered as one of the most important abilities of supply chain processes (Ibrahim1, Hamid 2012). Information sharing is one of the most important tools for achieving an integrated and coordinated supply chain. In resource-based view (RBV), level of information sharing is inserted in the organizational operations and is reflected by information systems and effective sharing of information, which makes it challenging for competitors to copy. Information sharing is also explained by Transaction Cost Economics (TCE), by focusing in reducing uncertainties and improving in reducing costs of coordination and multiple discussions and negotiations. From a Systems Theory perspective, Information sharing connects different departments and functions like purchasing, manufacturing and distribution making the organization. According to Alireza et al. (2011), integration and coordination across supply chain can be well provided through information sharing.

2.1.2.3 Customer Relationship

Customer relationship management (CRM) is an important component of SCM. A firm's customer relationship practices can generate the organizational success in supply chain management practices efforts as well as its performance (Gharakhani, Reza, Mavi, 2012). In regards to theory of Transaction Cost Economics (TCE), a good and well established customer relationship brings down costs by improving uncertainty of demand volume and improving demand forecasting. From a Systems Theory perspective, a good customer relationship ensures effective and aligned demand signals and supply chain responses which provides stability in organizational performance. Resource Based View (RBV) plays lesser role in customer relationship but contributes to stabilizing demand and enables better use of internal capabilities. Good relationships with supply chain members, including customers, are needed for successful implementation of SCM program (Mbuthia and Rotich, 2014).

2.1.2.4 Strategic supplier partnership

Strategic supplier partnership refers to a long-term relationship and a partnership beyond the transactional activities. Having in place an effective management of suppliers is very crucial for the development and success of supply chain and the overall organization.

By having partnership with key suppliers, firms and organizations could share the responsibilities, risks and benefits and success of the company. Radas S, Bozˇic´ L (2009)

found that the collaboration with other firms or organizations, also include suppliers and has positive significant impact on process innovation and incremental product innovation. Such strategic supplier partnerships should enable successful SCM.

From the perspective of Resource Based View (RBV), strategic supplier partnership supports knowledge sharing, innovation, trainings which contributes to the overall growth of both the organization and supplier. In respect to Transaction Cost Economics (TCE), having a long term relationship with suppliers decreases cost as the relationship will not be transactional making the cost of materials lower and minimizes the monitoring and auditing costs while increasing efficiency. System Theory also emphasizes that having a strategic supplier partnership improves inter company integration and coordination among supply chains.

Strategic partnerships with suppliers is very crucial for organizations to be more effective in supply chain operations.

2.1.2.5 Material flow management

Material flow management is an essential aspect of SCM, profoundly affecting the efficiency and agility of organizational processes. It involves the organization, management, and regulation of materials as they move through the supply chain, from vendors to producers, and finally to consumers (Ashraf & Yalcin, 2024). A properly managed material flow/movement with a structured process reduces lead times, minimizes inventory costs, and enhances the overall supply chain, which will in return contribute to improved organizational performance (Li et al. 2006). An effective practice of material flow management is very essential for achieving operational excellence.

From the perspective of Transaction Cost Economics (TCE), material flow management decreases cost by minimizing operational inefficiencies, avoid holding excess inventory and decreases delays. These will lower transaction and coordination costs. In respect to System Theory, having a proper material flow management ensures a linkage between supply chain systems. Proper material flow management makes balances between the inputs, the processes and final output. This will improve the overall system and enhance organizational performance. Even though Resource Based View (RBV) does not directly associate with material flow management, having in place the capabilities and managing flows efficiently support the effective use of the available resources.

Tan, Lyman, and Wisner (2002) also emphasize the strategic importance of material flow coordination. They mention that the ability to manage material flow efficiently allows firms to

respond more quickly to customer demands and market changes which therefore gives the organization a competitive edge. Their findings show that efficient material flow management is strategically influential for performance of an organization.

2.1.2.6 Corporate Culture

As per Roh, Hong, and Park (2008), Corporate culture is a pattern of shared values and behaviors that influence how information flows and decisions are made within the supply chain. Corporate/organizational culture is a complex set of values, beliefs, assumptions, and symbols that define the way in which a firm conducts its business (Barney, 1986).

Organizational culture majorly affects the supply chain integration, which is a key determinant of performance. Cultures emphasizing teamwork, commitment, and continuous improvement foster stronger internal integration and more effective collaboration with suppliers and customers which in turn, enhances the delivery of products at the right time, place, and cost (Aćimović, Mijušković, and Spasenić, 2021).

From the perspective of Resource Based View (RBV), corporate culture is an intangible resource of the organization which supports a collaborative, performance oriented and working spirit which in turn will contribute to the growth of the organization. In respect to System Theory, having a good corporate culture enhances the interactions within the departments internally and with external stakeholders like Supplier and Customers. These will increase the level of coordination and adaptability which contributes to the performance of the organization. Transaction Cost Economics (TCE) might not have a direct impact on culture, but good organization culture indirectly reduces costs of inefficiencies.

As per El Baz et al. (2021), organizational culture is critical as other dimensions but underexplored factor in SCM research. A strong, adaptive culture supports lean initiatives, sustainability practices, and continuous improvement, all of which contribute to superior supply chain and organizational performance.

2.1.3 Organizational Performance

According to Yamin (2009), organizational performance is the degree to which a company meets both its financial and market-oriented objectives. Every organization is there to accomplish a specific objective. The ultimate accomplishment of an organization is called organizational performance, and it includes several elements, including the presence of specific goals, the time required to reach these goals, and the fulfillment of effectiveness and efficiency (Blowfield & Dolan, 2010).

Organization performance 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 Review

Aswini Priya et al. (2019) investigated the impact of SCM practices including strategic supplier partnerships, customer relationships, information sharing, and risk-sharing on both marketing and financial performance. Using data collected from 100 respondents across six organizations in India, the study employed multiple regression analysis and found that these practices had a statistically significant and positive effect on organizational outcomes.

In a study of large manufacturing firms in Nairobi, Kenya, Mwale (2014), identified a strong positive relationship between SCM practices and organizational performance. His findings were that firms implementing practices like strategic supplier and customer partnerships, lean operations, and quality information sharing experienced improved operational efficiency and customer satisfaction compared to the ones who didn't.

Bezabh, S. K. (2017) has conducted a study on Ethio telecom in assessing the effects of these practices on the operational performance of the company. The outcome of his research was that practices like strategic supplier partnerships, customer relationships, information sharing, information quality, and lean practices had a positive and significant impact on Ethio telecom's performance. His study concluded that effective implementation of these practices enhances efficiency, service delivery, and overall organizational effectiveness.

Mollel (2015) conducted a study in food processing firms in Dar es Salaam, Tanzania assessing the impact of supply chain management practices on organizational performance. The main objective of Mollel research was to examine the understanding and practical implementation of SCM practices in relation to organizational performance within these firms. The researcher utilized six key dimensions of SCM practices-strategic supplier partnerships, customer relationships, quality and level of information sharing, outsourcing, and lean practices. Each and every practices were measured with specific instruments. Whereas market performance and operational/financial performance variables were employed to assess organizational performance. The results showed that SCM practices, specifically strategic supplier partnerships, customer relationships, the quality and level of information sharing, and lean practices, were positively and strongly associated with organizational performance, while outsourcing did not show the same kind of relationship as the other practices.

The above researches and studies done shows that strategic supplier partnership, customer relationship management and information sharing are the supply chain practices that have positive impact on organizational performance. Other supply chain practices like lean operations and outsourcing have factors that determine the impact they have on organizational performance, which are the organizational level of maturity, the industry and market type and the level of growth of the country where the organization operates in.

Even though the available and existing empirical studies shows that supply chain practices have a positive impact on organizational performance, there is still unresolve debate that exists. Some SCM practices like strategic supplier partnerships, customer relationships, and information sharing show strong and consistent effects on organizational performance among the different countries and different industry types. While few of other SCM practices like lean operations have variation on their impact on organizational performance from country to country and from industry to industry. In addition to that, most of the researches done are in manufacturing companies while there are still empirical gaps on international and multinational FMCG companies. The measurement and performance indicators of the performance of the organization differs across studies as well, which makes it difficult to draw conclusions on the effect and impact of the key supply chain management practices.

2.2.1 Research Gaps

Table 2: Research Gaps

No.	Topic	Author(s) & Year	Summary of Findings	Gaps Identified
1	Impact of SCM Practices on Marketing and Financial Performance	Aswini Priya et al. (2019)	Investigated the impact of SCM practices on both marketing and financial performance. These practices had a statistically significant and positive effect on organizational outcomes.	Limited to specific industries and regions; need for broader application across different sectors.
2	SCM Practices and Organizational Performance in Large Manufacturing Firms	Mwale (2014)	Findings showed that firms implementing practices like strategic partnerships, lean operations, and quality information sharing experienced improved operational efficiency and customer satisfaction.	Focused on large firms; need to explore impact on SMEs.
3	Effect of SCM Practices on	Bezabh, S. K.	Conducted a study on	Limited to telecom

	Operational Performance	(2017)	Ethio telecom to assess the effect of SCM practices on operational performance. Found that effective implementation of these practices enhances efficiency, service delivery, and overall organizational effectiveness.	sector; need for cross-industry analysis.
4	Impact of SCM Practices on Organizational Performance in Food Processing Firms	Mollel (2015)	Results indicated that SCM practices, specifically strategic supplier partnerships, customer relationships, the quality and level of information sharing, and lean practices, were positively associated with organizational performance, while outsourcing did not show a similar relationship.	Focused on food processing firms.
5	Impact of SCM Practices on Organizational Performance through Competitive Priorities	Karimi & Rafiee (2022)	Researched the impact of SCM practices on organizational performance in different Iran Pumps Company. The researcher used structural equation modeling (SEM) and the study found that SCM practices significantly and positively influence organizational performance according to competitive priorities.	Limited to a single company; need for broader application.
6	SCM and Organizational Performance in E-Commerce Organizations	Sreenivasulu Reddy & Raghunadha Reddy (2021)	Found that SCM practices are crucial for increasing operational performance and achieving organizational objectives such as improved productivity, customer service, and profitability.	Focused on e-commerce; need to explore traditional retail sectors.
7	Sustainable SCM and Organizational Performance	Shebeshe & Sharma (2024)	Investigated and explored the impact of sustainable supply	Focused on sustainability; need to explore

			chain management (SSCM) on organizational performance in the Ethiopian manufacturing industry. It was found out that SSCM practices significantly improve both competitive advantage and organizational performance, with competitive advantage mediating the relationship.	traditional SCM practices.
8	SCM Practices and Organizational Performance in Ethiopian Firms	Gebisa & Ram (2021)	Found that effective SCM practices such as information sharing and inventory coordination positively impact firm performance by enhancing operational efficiency and responsiveness.	Limited to Ethiopian context
9	SCM Practices and Organizational Performance in Sudanese Manufacturing Firms	Ibrahim & Hamid (2023)	Reported that strong relationships with both customers and suppliers contribute to improved delivery reliability, customer satisfaction, and cost efficiency, enhancing overall firm performance.	Focused on Sudanese firms; need for cross-country comparisons.

2.3 Conceptual Framework

The conceptual framework of this study is adapted from the foundational work of Chin et al. (2011), who identified information sharing, customer relationship, strategic supplier partnership, material flow management, and corporate culture as the five core dimensions of SCM practices influencing organizational performance. This framework is further informed by Li et al. (2006), who empirically validated the linkage between SCM practices and competitive advantage, and by Chen and Paulraj (2004), who established theoretical grounding for supplier and customer relationship practices. The framework is operationalized within the specific context of PepsiCo Ethiopia, reflecting the FMCG supply chain environment of a developing country.

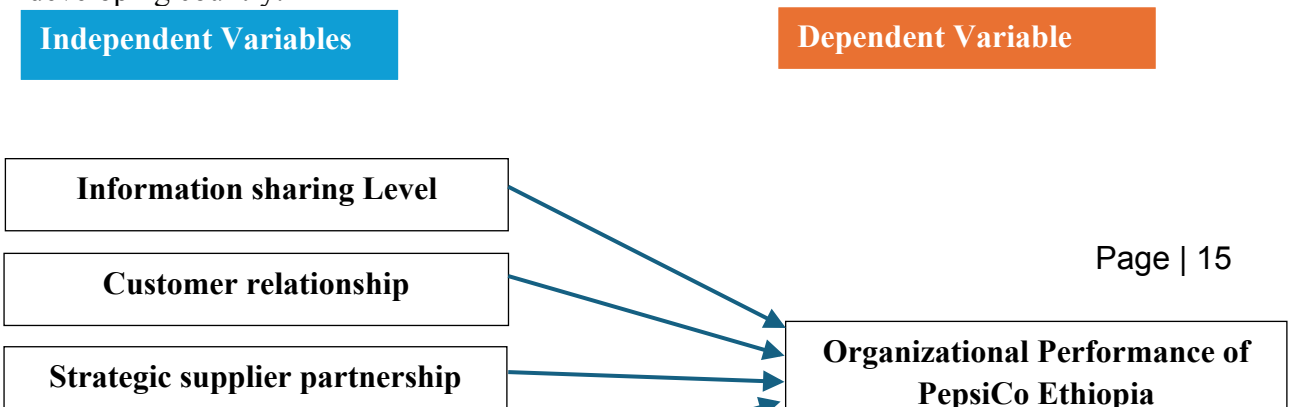


Figure 1: Conceptual Framework

2.4 Research Hypothesis

This research papers focuses to determine the effect of supply chain management practices on organizational performance. To assess these effects, the hypotheses below are proposed.

Hypothesis 1. Information sharing has a significant impact on organizational performance.

Hypothesis 2. Strategic supplier partnership has a significant impact on organizational performance.

Hypothesis 3. Customer relationship management has a significant impact on organizational performance.

Hypothesis 4. Material flow management has a significant impact on organizational performance.

Hypothesis 5. Corporate culture has a significant impact on organizational performance

CHAPTER THREE:
3 RESEARCH METHODOLOGY

3.1 Introduction

This chapter covers crucial concepts like research design and methodology, sampling method and sampling size determination, data source and collection methods, data collection technique, data analysis methods, reliability and validity, and ethical consideration.

3.2 Research Design

Explanatory research looks for causes and reasons and provides evidence to support or refute an explanation or prediction (Gray, 2014). This design is selected to show the possible association of the different determinant variables with the dependent variable. As this study is intended to analyze the casual relations between the dependent Variable, Organizational Performance and the independent variables supply chain Management practices by using correlation and regression analysis, it will have explanatory research design.

3.3 Research Approach

As per Yin (1994), it depends on the study's research purpose and research questions to identify the right and best research method to use for the study. In this study, the researcher employs a mixed method approach to measure the effect of the independent variables, supply chain management practices, on the dependent variable organizational performance by collecting data from PepsiCo Ethiopia employees. Quantitative data is taken from the questionnaires and qualitative data is taken from interviewing key managers and respective stakeholders.

3.4 Data Sources and Types

The required data for this study is collected from both primary and secondary sources. Primary data were generated through a fully structured questionnaire, while secondary data comprised various studies related to the topic, including literature, journals, and articles used as secondary sources.

3.4.1 Primary Data

In this study, the primary data consists of information gathered through structured questionnaires and interviews administered to the employees of PepsiCo Ethiopia, focused on the supply chain operations.

3.4.2 Secondary Data

In addition to the primary data, the researcher utilized existing literature, academic articles, and relevant books to establish the conceptual foundation and contextualize the findings of the research paper.

3.5 Population and Sample size

3.5.1 Population

The target population of this study are PepsiCo Ethiopia employees that are working in different departments of the supply chain. As of March 2025, the overall number of employees working for PepsiCo Ethiopia are 150. From 150 employees, 100 employees are permanent management employees while the remaining 50 employees are contracted employees. Respondents have been selected from departments of procurement, supply and planning, logistics, production & manufacturing, warehouse, sales and marketing, finance and administration, Human Resources and IT & digital.

3.5.2 Sample Size

According to Sekaran and Bougie (2010), the sample size is the portion or sub-set of a population required to ensure that there is sufficient information to generalize the findings of the research. Sampling allows researchers to gather data efficiently while still making valid inferences about the larger population (D. Israel 2013). As the population size is 150 employees and relatively low for sampling, this research paper conducted a survey. One of the limitations of the study is employee perception, hence using a sample size of all population helps to decrease overall bias of the outcome.

3.6 Data collection method

Before collecting data through data collection tools, the researcher has observed the organization. This observation helped the researcher to have more insight and observations into the environment. Primary data was collected by distributing the questionnaires, and by conducting interviews with relevant managers.

3.7 Data Collection Techniques

3.7.1 Questionnaires

The study uses two types of Questionnaires namely, close-ended and open-ended questionnaires. Open ended allows respondents to give any answer, while Close ended questionnaire, requires respondents to provide fixed answers by choosing the right one or the appropriate one.

The questionnaire consists of four parts. The first part outlines the purpose of the questionnaire, the second part includes the respondents' profiles, the third part contains the research questions, and the fourth section contains interview questions. The questionnaire is based on a 5-point Likert scale that ranges from 1 which "Strongly Disagree" to 5 "Strongly Agree."

The length of the questions were carefully considered to avoid tiring of the respondents and to maximize the number of respondents. The respondents were asked to rate their agreement level from strongly disagree (1), disagree (2), neutral (3), agree (4) and strongly agree (5).

These numerical ratings are included to provide clarity on the ordinal scale measurement in regard to data analysis and to make it suitable for quantitative analysis.

3.7.2 Key-Informants Interviews

Face to face interviews were carried out with the leadership team of PepsiCo Foods Ethiopia. Respondents were carefully chosen and selected from each department and they were, the Marketing Manager, Production Manager, Human Resources Manager, Logistic and Supply Manager, and Finance and Administration Manager. The data is collected through in-depth interview to supplement the information that was obtained through the Questionnaires.

3.8 Data Analysis Methods

Following the gathering of data, both descriptive and inferential statistical techniques are utilized to assess the outcomes. The evaluation is performed utilizing Statistical Package for Social Science Version (SPSS 26) software. To analyze the strength, direction and significance of the relationship between the independent variables and dependent variables Pearson's correlation is used. Regression analysis is used to examine the effect of the independent variables on the dependent variable. This method assists in assessing the strength of connections and the statistical significance of the findings.

$$Y=\beta 0+\beta 1x1+\beta 2x2+\beta 3x3+\beta 4x4+\beta 5x5+e$$

Where: Y = Organizational Performance

X1 = Level of Information Sharing

X2= Strategic Supplier partnership

X3= Customer Relationship management

X4= Material Flow management

X5= Corporate Culture

β = Beta coefficients (- or +), e = Error term

3.9 Reliability and Validity

3.9.1 Reliability

Reliability refers to the consistency of a test, survey, observation, or another measuring device (Nunnaly 1978). This means that the measuring procedures to produce the same results on the other occasions and also the observation produced from the findings to be equal to other observers. The reliability of the research is ensured by preparing the questionnaires with the same questions (anonymity) to all respondents. Also, the analysis is carefully done, to ensure that the data obtained to be similar to what researcher thinks and the time to collect data through interview and questionnaires is neutral so as to avoid participant error. The reliability of the data/items is measured by Cronbach alpha.

Table 3: Reliability Statistics

Reliability Statistics	
Cronbach's Alpha	N of Items
0.969	36

Source: SPSS 26,2025

The reliability coefficient, Cronbach's Alpha of 0.969 for the 36 items, indicates that the corresponding measurement tool (the survey) has an extremely high degree of internal consistency and reliability. This implies that there is a common denominator that the 36 items are tapping on. The items are strongly interrelated; they are correlated to give a coherent and reliable scale. Although high alpha is generally desirable, it also prompts a note of caution as such a high score may be an indicator of the item redundancy effect, where there may have been several questions to the effect that they did not capture a unique element of the construct, and the survey may be longer than it needs to be without adding any substance to it. Hence, while reliability is very strong, the interpretation of the results should be cautiously done.

Table 4: Item- Total Statistics

Item-Total Statistics	
Variables	Cronbach's Alpha if Item Deleted
Information sharing level	.821
Strategic partnership with suppliers	.790
Management of customer relationship	.777
Management of material flow	.789
Corporate culture	.825
Organizational Performance	.905

Source: SPSS 26,2025

The statistics imply a very high and reliable as well as internally consistent measurement scale, since the total Cronbach Alpha is, in fact, very high (suggested to be above .905). The important inference in the Cronbach's Alpha on deletion of items column is that there should be no deletion of a single item on the scale. In case any of the variables were excluded, the overall reliability coefficient would either drop or be virtually indistinguishable, with all coefficients being near or even lower than the postulated overall alpha. This provides evidence that every item is contributing uniquely and positively to the scale used in order to measure the construct and therefore retains the scale with all its existing items. The item "Organizational Performance" has the highest alpha if deleted (0.905), suggesting it shares substantial variance with other items. While this reflects strong inter-item correlation, it also hints that this item may be closely aligned with the overall construct being measured. Nonetheless, its removal would still reduce the overall reliability, confirming its importance within the scale

3.9.2 Validity

Validity refers to the extent to which a test measures what we actually wish to measure, it indicates the degree to which an instrument measures what it is supposed to be measured, (Kothari, 2015). Validity of this study is attained through providing adequate coverage of the topic together with choosing the appropriate sampling method, a survey of 150 respondents. The questionnaire items measuring the key SCM practices is adapted from a validated empirical studies which ensures coverage of each construct making the content valid. In

addition to that, construct validity was assessed by comparing and associating with the set of other studies done by various researchers for the purpose of identifying how the results match with other researchers' work. Construct validity is supported through the theoretical alignment confirming the measurement items that are captured the key SCM constructs.

3.10 Ethical Consideration

The respondents were requested their consent to participate in this research, and they have signed a consent form as proof of their agreement. The informants were told the objective of the research. They were also told that their participation is wholly voluntary. They are told that they have the right to answer or not answer any questions they do not wish to respond to during their participation. This ensures that respondents feel free from any harm and that their views remain confidential and anonymous. In addition, the researcher has no personal connection with all of the respondents and the research was done only for academic purposes.

CHAPTER FOUR:
4. DATA ANALYSIS AND FINDINGS

4.1 Introduction

This chapter consists of four major sections. The first section presents the response rate of participants. The second sections consist of the demographic characteristics like sex, age, department, experiences and educational background of the respondents. The third one consists of descriptive and inferential analysis and hypothesis testing. The last and fourth section includes the thematic analysis which is the interpretation for the responses gathered through questionnaires.

4.2 Response Rate

Table 5: Response Rate

Statistics							
		Gender	Age of respondents	Experience	Education level	Department	Length of employment
N	Valid	138	138	138	138	138	138
	Missing	12	12	12	12	12	12

Source: SPSS 26,2025

Addressing the given statistics, there are 150 total potential observations (138 valid + 12 missing) in the data set, and all the data was measured on 6 variables: Gender, Age, Experience, Education, Department, and Length of Employment. Out of a total of 150 questionnaires distributed, 138 were returned with complete responses, while 12 were missing data across all variables. The similar distribution of all the six variables with the same amount of missing (12 missing responses) and valid (138 responses) responses enforces that the missingness of information belongs to the same twelve people in the sample set rather than random individuals with random missing fields. This leaves a final complete-case sample size of 138, which is sufficient to conduct the analysis; the 12 missing cases should be mentioned as a minor source of bias because they may be systematically different, and thus their elimination would introduce a source of bias in the analysis.

4.3 Demographic Information

Table 6: Demographic Information

Gender					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	64	42.7	46.4	46.4
	Male	74	49.3	53.6	100.0
	Total	138	92.0	100.0	
Missing	System	12	8.0		
Total		150	100.0		
Age of Respondents					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-25 years	6	4.0	4.3	4.3
	26-33 years	33	22.0	23.9	28.3
	34-41 years	50	33.3	36.2	64.5
	42-49 Years	32	21.3	23.2	87.7
	Above 50 years	17	11.3	12.3	100.0
	Total	138	92.0	100.0	
Missing	System	12	8.0		
Total		150	100.0		
Experience					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 1year	3	2.0	2.2	2.2
	1-3 years	17	11.3	12.3	14.5
	4-6 years	32	21.3	23.2	37.7
	6-10 years	30	20.0	21.7	59.4
	11-15 years	39	26.0	28.3	87.7
	Above 15 Years	17	11.3	12.3	100.0
	Total	138	92.0	100.0	

Missing	System	12	8.0		
Total		150	100.0		

Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Diploma	8	5.3	5.8	5.8
	Degree	64	42.7	46.4	52.2
	Masters	60	40.0	43.5	95.7
	PhD/Doctorate	6	4.0	4.3	100.0
	Total	138	92.0	100.0	
Missing	System	12	8.0		
Total		150	100.0		

Department

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Finance	24	16.0	17.4	17.4
	Human and Property Resources	16	10.7	11.6	29.0
	Logistic and Supply	18	12.0	13.0	42.0
	Manufacturing	24	16.0	17.4	59.4
	Marketing	15	10.0	10.9	70.3
	Other	25	16.7	18.1	88.4
	Planning and procurement	16	10.07	11.6	100.0
	Total	138	92.0	100.0	
	Missing	12	8.0		
	Total	150	100.0		

Length of employment

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 1year	40	26.7	29.0	29.0
	1-3 years	34	22.7	24.6	53.6
	4-6 years	32	21.3	23.2	76.8
	More than 6 years	32	21.3	23.2	100.0
	Total	138	92.0	100.0	
Missing	System	12	8.0		
Total		150	100.0		

Source: SPSS 26, 2025

From the 150 individuals surveyed, 138 provided valid responses across all demographic variables, making the non-response a rate of 8%. The consistency of missing data across all categories suggests that the same twelve individuals did not complete the demographic section, rather than random omissions across different variables.

In regard to the gender distribution, there is a balanced workforce between the respondents which 53.6% of the respondents were male and 46.4% of the respondents were female. This shows there is a gender diversity in the hiring process of PepsiCo Ethiopia.

In regard to the age distribution, the majority of the group is between 34-41 years which contributes to the 36.2% of the respondents. The next age group contributing 23.2% of the respondents are between 42-49 year. The age group above 50 years contribute to 12.3% of the respondents and age group 18-25 contributes to 4.3% of the respondents. This shows that PepsiCo Ethiopia is majorly staffed by middle-aged and professionals who have deeper understanding and knowledge of the operation.

The experience group further shows that there is a seasoned workforce. 28.3% of the respondents have an experience years of between 11-15, followed by those with 4-6 years contributing to 23.2% and 6-10 years consisting of 21.7%. Only 2.2% of the respondents had less than one year of experience, while 12.3% had more than 15 years. These figures imply that most employees are well seasoned professionals with a long-term tenure.

In regard to background of their education, 93.5% of the respondents held atleast a bachelor degree, with 46.4% earning a bachelor degree, 43.5% holding a master's, and 4.3% possessing a PhD or Doctorate. The remaining 5.8% of the respondents are the only one with diploma.

This academic achievements shows that the PepsiCo emphasizes in hiring expertise with a high level of academic achievements.

In terms of departmental representation, the largest group was categorized under as Other (18.1%), followed by Finance and Manufacturing, both with 17.4% each. Logistics and Supply contributed 13.0%, while Human and Property Resources and Planning and Procurement each represented 11.6%. Marketing had the smallest contribution of 10.9%. This shows a diverse organizational structure with balanced representation across different function and departments.

Regarding length of employment, 29.0% of respondents had been with the company for less than one year, while 24.6% had been in the company for 1-3 years. 23.2% had worked for 4-6 years, and the remaining 23.2% had been employed for more than six years. This result shows that the organization is employing both long-term employees and new recruits.

In conclusion, the above demographic analysis shows a workforce that is mature, experienced, and highly educated, with broad representation across functions. The consistent 8% missing data across all variables is a minor limitation but does not significantly undermine the validity of the findings.

4.4 Descriptive Analysis

4.4.1 Level of information sharing

Descriptive Statistics

Number	Items	N	Mean		Std. Deviation	Variance
		Statistic	Statistic	Std. Error	Statistic	Statistic
1	In regarding to changes that are coming, our organization communicates with trading partners in advance	138	2.44	.053	.628	.394
2	Our partners share proprietary information with us	138	2.44	.051	.604	.365
3	In any issues that affects the business, our trading partners keep us fully informed	138	2.45	.052	.605	.366

4	Our trading partners share business knowledge of core business processes with us	138	2.47	.052	.606	.368
5	Our organization exchange information with trading partners to establish our business planning	138	2.46	.052	.606	.367
6	Our organization keeps in touch frequently with our trading partners and informs each other about any changes/events that may affect the other partners business	138	2.43	.051	.604	.364
	Valid N (listwise)	138				

Source: SPSS 26,2025

The information sharing level descriptive analysis shows how and the level of information sharing between the organization and stakeholders are perceived. All six items of the mean scores are between 2.43 and 2.47. This means that in average all respondents agree that the level of information sharing is slightly lower than the neutral or mid-point, showing that there is a moderate to a low level of effective information sharing with in PepsiCo Ethiopia. The Standard errors which are ranging from 0.051 to 0.053 shows that there is a minimum sampling variability and the standard deviations of approximately 0.60 on all items and variances that ranges between 0.364-0.394 are low. Hence, the analysis shows that there is homogeneity on the responses among the respondents.

This means that in PepsiCo Ethiopia, there is a perception that proactive communication and information exchange is not being sufficiently exercised.

In conclusion, the descriptive analysis shows that there is a gap in the exchange of sufficient and quality of information with in and among the stakeholder of the organization. PepsiCo Ethiopia's relationship with its trading partners is characterized by a neutral to poor level of transparency, proactive communication, and knowledge sharing. This issue is overall perception of the respondents across the workforce, and it requires a critical strategic improvement areas. To strengthen the supply chain and increase the performance of the

organization, it is essential to prioritize the development of trust and the establishment of communication channels that are more open, frequent, and integrated.

4.4.2 Strategic Supplier Partnership

Descriptive Statistics						
Num	Items	N	Mean		Std. Deviation	Variance
		Statistic	Statistic	Std. Error	Statistic	Statistic
1	While selecting suppliers, our organization considers quality as our number one criterion	138	2.45	.050	.593	.351
2	Our organization regularly solves problems jointly with our suppliers	138	2.42	.052	.614	.377
3	Our organization has helped our suppliers to improve their product quality	138	2.41	.052	.613	.376
4	Our organization has continuous improvement programs that include our key suppliers	138	2.43	.052	.616	.379
5	In activities like planning and goal setting activities, our organization include our key suppliers to participate	138	2.40	.051	.599	.358
6	In the process of developing a new product, our organization actively involves our key suppliers	138	2.41	.049	.575	.330
	Valid N (listwise)	138				

Source: SPSS 26,2025

The descriptive analysis for strategics supplier partnership shows how partnerships across suppliers are perceived between the organization and trading partners. Based on the 5-point

Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree), all six items mean scores range between 2.40 and 2.45 which is tightly clustered around the neutral to slightly negative agreement with statements regarding the strategic supplier partnership. This shows that there is limited perceived involvement of suppliers in strategic decision making processes.

The low standard errors that are ranging from 0.049 to 0.052 show that the means are reliable estimates of the true population mean. The standard deviation ranges from 0.575 to 0.616 and variances between 0.330 and 0.379, which are low and refers to high degree of homogeneity across the respondents. This means that there is minimal variation in perceptions across the sample. This output shows that practices like, joint problem solving, supplier involvement in product development, and continuous improvement programs are not strongly integrated in PepsiCo's supplier relationships.

4.4.3 Customer Relationships

Descriptive Statistics						
Number	Items	N	Mean		Std. Deviation	Variance
		Statistic	Statistic	Std. Error	Statistic	Statistic
1	Our organization frequently interacts with customers to set reliability, responsiveness, and other standards for us	138	2.38	.050	.584	.340
2	Our organization frequently measures and evaluates customer satisfaction	138	2.41	.050	.587	.345
3	Our organization frequently determines future customer expectations	138	2.41	.049	.576	.332
4	Our organization facilitates customers' ability to seek assistance from us	138	2.39	.050	.585	.342
5	Our organization	138	2.39	.051	.597	.357

	periodically evaluates the importance of our relationship with our customers					
6	Our organization frequently makes customer visit on field	138	2.42	.051	.602	.362
	Valid N (listwise)	138				

Source: SPSS 26,2025

The descriptive analysis for customer relationship shows how customer relationship management is perceived between the organization and trading partners. Based on the 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree), all six items mean scores range between 2.38 and 2.42. This shows that the responses are neutral to slightly negative agreement with the six statements that are related to customer relationship. The practice of managing customer relationship is perceived as infrequent or insufficiently implemented in PepsiCo Ethiopia.

The standard error is low ranging from 0.049 to 0.051, showing that the sample means are a reliable estimate of the population mean. The standard deviations ranging from 0.576 to 0.602 and variances ranging from 0.332 to 0.362 also show a high degree of consistency in responses.

These highlights a major gap in customer engagement and relationship management and requires the focus of management in sustaining strategic customer relations in a structured and proactive way.

4.4.4 Materials Flow Management

Descriptive Statistics						
Number	Items	N	Mean		Std. Deviation	Variance
		Statistic	Statistic	Std. Error	Statistic	Statistic
1	Our organization uses FIFO for managing raw and finished materials	138	2.41	.051	.601	.361
2	For demand forecasting, our organization uses	138	2.42	.051	.602	.362

	Material requirement planning (MRP)					
3	For managing production, our organization uses Just-in-time (JIT)	138	2.41	.051	.601	.361
4	Our organization uses the logistics management of both raw materials and finished goods	138	2.42	.048	.564	.318
5	Our organization deals with both internal and external customers for purchasing deals	138	2.41	.050	.587	.345
6	Our material management department has good relationship with other departments of the organization	138	2.43	.048	.565	.320
	Valid N (listwise)	138				

Source: SPSS 26,2025

The descriptive analysis for material flow management shows how the management of material flow is perceived between the organization and trading partners. The mean scores for the six items are clustered between 2.41 and 2.43, meaning the respondents express neutral to slightly negative agreement with the statements regarding the use of materials management techniques. It indicates that the techniques like FIFO (First-In-First-Out), MRP (Material Requirements Planning), JIT (Just-in-Time), and logistics coordination are not efficiently used in PepsiCo Ethiopia.

The standard errors are low ranging from 0.048 to 0.051, showing that the sample means are reliable estimates of the population mean. The standard deviations that ranges from 0.564 to 0.602 and variances that ranges from 0.318 to 0.362 are low as well, reflecting a high degree of response consistency. This shows that all respondents feel the same and share the same view. The analysis shows that even though there is material flow management practices, they are not perceived as efficiently applied by the respondents. PepsiCo Ethiopia should apply this techniques and practices like FIFO, MRP and JIT in its operation.

4.4.5 Corporate Culture

Descriptive Statistics						
Number	Items	N	Mean		Std. Deviation	Variance
		Statistic	Statistic	Std. Error	Statistic	Statistic
1	The performance of the organization is affected by the organizational culture towards material handling	138	2.44	.046	.538	.289
2	The amount of waste has increased because of the organization's culture towards material stacking and handling	138	2.43	.044	.512	.262
3	By comparing with competitors, our organization culture has helped the organization to achieve best performance.	138	2.46	.044	.515	.265
4	Our corporate culture is aligned with our company culture	138	2.46	.044	.514	.265
5	Our organization works to create and maintain organizational culture within the organization	138	2.50	.044	.516	.266
6	In regards to communication of suppliers and customers, our organization has a good culture.	138	2.44	.044	.513	.263
	Valid N (listwise)	138				

Source: SPSS 26,2025

The analysis for corporate culture shows how corporate culture is perceived within the organization. Based on the Likert scale 1 (strongly disagree) to 5 (strongly agree), the mean

scores for the six items are between 2.43 and 2.50. This indicate that the respondents generally express neutral to slightly negative agreement with the statements regarding corporate culture of PepsiCo Ethiopia.

The standard errors are low, ranging between 0.044 to 0.046. Which shows that the sample means are reliable and precise estimates of the population mean. The standard deviations that are between 0.512 and 0.538 and the variances between 0.262 and 0.289 are both low indicating a high degree of homogeneity in the responses of the respondents.

The data shows that while certain cultural practices are present, like alignment between corporate and company culture, efforts to maintain organizational culture, and communication with stakeholders, they are not perceived as strongly impactful or consistently implemented.

These results highlight a key area of development for PepsiCo Ethiopia. Strengthening corporate culture like material handling, interdepartmental alignment, and stakeholder communication can contribute to improved performance, reduced inefficiencies, and enhanced collaboration will contribute to improved performance and enhanced collaboration.

PepsiCo management team should consider initiatives that reinforce cultural values and promote transparency and integrate cultural practices into the day to day operations which will foster a more cohesive and performance oriented environment.

4.4.6 Organizational Performance

Descriptive Statistics

Number	Items	N	Mean		Std. Deviation	Variance
		Statistic	Statistic	Std. Error	Statistic	Statistic
1	Market share	138	2.43	.042	.497	.247
2	The growth of market share	138	2.44	.044	.512	.262
3	Growth of sales	138	2.44	.043	.511	.261
4	Profit margin on sales	138	2.43	.044	.512	.262
5	Return on investment	138	2.44	.043	.513	.263
6	Growth on return of investment	138	2.46	.044	.514	.264

	Valid N (listwise)	138				

Source: SPSS 26,2025

The descriptive analysis for organizational performance shows how the performance of the organization is perceived within the organization. Based on the Likert scale of 1 (strongly disagree) to 5(strongly agree), the mean scores are ranging from 2.43 to 2.46. The mean scores show that they are tightly clustered around the mid point suggesting that respondents are expressing a neutral to slightly negative agreement with statements regarding the PepsiCo Ethiopia's performance.

The standard errors are low from 0.042 to 0.044, showing that the sample means are precise and reliable estimates of the population mean. The standard deviation ranging between 0.497 and 0.514 and the variances from 0.247 to 0.264 are both low reflecting a high degree of response consistency of the respondents.

This output shows that while the performance indicators market share, sales growth, and profitability are recognized, they are not perceived as being strongly achieved or consistently improving compared to competitors.

4.5 Inferential Analysis

4.5.1 Guidelines of Correlation coefficient Interpretation

In this study, the Pearson correlation coefficient was used to identify whether a significant association exists between the dependent and independent variables. According to Mukaka (2012), correlation is a statistical method used to assess the strength and direction of a linear relationship between two continuous variables. The ranges of coefficients is from -1 to +1, where -1 indicates a perfect negative correlation and +1 indicates a perfect positive correlation.

Table 7: Correlation coefficient interpretation guidelines

Value Of Correlation Coefficient	Relationship Interpretation
0.000-0.199	Very Weak
0.200-0.399	Weak
0.400-0.599	Moderate
0.600-0.799	Strong
0.800-1.000	Very Strong

Source: (Frey, B., 2018)

The regression analysis is conducted after the Pearson correlation coefficient is assessed. This will show the relationship between the variables. The R-squared value and the overall model fit gives a deeper insight into how well the independent variables explain the variation in

Organizational Performance. Besides the statistical significance, it is also important to take into consideration the practicality and implementation of the findings and outputs.

4.5.2 Correlations

Table 8: Correlations

Correlations							
		Level of information	Strategic supplier partnership	Customer relationship	Material flow management	Corporate culture	Organizational Performance
Level of information	Pearson Correlation	1	.839**	.669**	.532**	.383**	-.032
	Sig. (2-tailed)		<.001	<.001	<.001	<.001	.702
	N	138	138	138	138	138	138
Strategic supplier partnership	Pearson Correlation	.839**	1	.819**	.700**	.521**	-.009
	Sig. (2-tailed)	<.001		<.001	<.001	<.001	.869
	N	138	138	138	138	138	138
Customer relationship	Pearson Correlation	.669**	.819**	1	.864**	.592**	.635**
	Sig. (2-tailed)	<.001	<.001		<.001	<.001	<.001
	N	138	138	138	138	138	138
Material flow management	Pearson Correlation	.532**	.700**	.864**	1	.710**	.546**
	Sig. (2-tailed)	<.001	<.001	<.001		<.001	<.001
	N	138	138	138	138	138	138
Corporate culture	Pearson Correlation	.383**	.521**	.593**	.710**	1	.328**
	Sig. (2-	<.001	<.001	<.001	<.001		<.001

	tailed)						
	N	138	138	138	138	138	138
Organizational Performance	Pearson Correlation	-.032	-.009	.635	.546	.328**	1
	Sig. (2-tailed)	.702	.869	<.001	<.001	<.001	
	N	138	138	138	138	138	138
**. Correlation is significant at the 0.01 level (2-tailed).							

Source: SPSS 26,2025

The Pearson correlation analysis showed significant relationships between the independent and dependent variables, with major implications for organizational performance. The Level of Information showed strong positive correlations with Strategic Supplier Partnership with an $r = 0.839$, $p < 0.001$, with Customer Relationship an $r = 0.669$, $p < 0.001$, with Material Flow Management $r = 0.532$, $p < .001$, and with Corporate Culture $r = 0.383$, $p < 0.001$. But its correlation with Organizational Performance was weak and statistically not significant as $r = -0.032$, $p = 0.702$. This means that information alone may not directly enhance the performance of PepsiCo Ethiopia. In regards to the second independent variable, Strategic Supplier Partnership, there shows strong associations with Customer Relationship with an $r = 0.819$, $p < 0.001$ and Material Flow Management with $r = 0.700$, $p < 0.001$. While the link to organizational performance was negligible with an $r = -0.009$, $p = 0.869$. In contrast, Customer Relationship and Material Flow Management showed the strongest correlations with Organizational Performance with $r = 0.635$ and $r = 0.546$ respectively, both $p < 0.001$, which shows their critical influence on performance. Corporate Culture was moderately correlated with organizational performance with $r = 0.328$, $p < 0.001$, highlighting the importance of corporate/internal values and norms. These findings shows that while partnership of suppliers strategically and information sharing levels factors are interrelated, performance outcomes are more directly influenced by customer relationship, material flow management, and cultural alignment.

4.5.3 Model Summary

Table 9: Model Summary

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.833[a]	.688	.676	2.62024	.688	6.096	5	132	.000
a. Predictors: (Constant), Corporate culture, level of information, Customer relationship, Material flow management, Strategic supplier partnership									

Source: SPSS 26,2025

To assess the combined effect of the independent variables (Level of Information, Strategic Supplier Partnership, Customer Relationship, Material Flow Management, and Corporate Culture), and dependent variable (Organizational performance), the multiple regression analysis is conducted. An R value of 0.833 is obtained which indicates a strong overall correlation between the independent (predictors) and dependent variable. The R square value of 0.688 shows that approximately 68.8% of the variance in organizational performance can be explained by the combined influence of the independent variables. The Adjusted R square of 0.676 confirms the robustness of this result after adjusting for the number of predictors and sample size, showing that approximately 67.6% of the variance in organizational performance is explained when accounting for model complexity. It is important to note that the descriptive mean scores for all five SCM practices range between 2.38 and 2.50, which are below the scale midpoint of 3, reflecting that these practices are perceived as insufficiently implemented in absolute terms. However, this does not contradict the strong regression results. Multiple regression measures relative co-variation, meaning that respondents who scored comparatively higher on practices such as Customer Relationship and Material Flow Management also scored comparatively higher on Organizational Performance. The regression coefficients therefore capture the direction and strength of these relative relationships within the sample, independent of the absolute level of practice implementation.

The F-statistic of F = 6.096, p < 0.001 confirms that the regression model as a whole is statistically significant, meaning the predictors collectively have a meaningful and non-random impact on organizational performance. It is important to note that while the overall model is significant and well-fitted, the individual predictors contribute differently to organizational performance: Customer Relationship, Material Flow Management, and Corporate Culture are the primary direct drivers with significant positive beta coefficients, while Strategic Supplier Partnership and Information Sharing, despite being important components of the SCM system, do not independently demonstrate statistically significant positive direct impacts on performance under current implementation conditions at PepsiCo Ethiopia.

4.5.4 ANOVA[a]

Table 10: ANOVAa

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	209.276	5	41.855	6.096	.000[b]
	Residual	906.267	132	6.866		
	Total	1115.543	137			
a. Dependent Variable: Organizational Performance						
b. Predictors: (Constant), Corporate culture, level of information, Customer relationship, Material flow management, Strategic supplier partnership						

Source: SPSS 26,2025

The table shows ANOVA, which is the results of a regression analysis examining the collective influence of the five predictor (independent) variables, Corporate Culture, Level of Information, Customer Relationship, Material Flow Management, and Strategic Supplier Partnership, on the dependent variable, Organizational Performance.

The F-value of 6.096 and a significance level (Sig.) of 0.000 show that the overall regression model is statistically significant at the 0.01 level. This indicates that, when taken together, the five predictors explain a meaningful portion of the variance in Organizational Performance, and the probability that this result occurred by chance is extremely low.

In Table 10 above, the total sum of squares of 1115.543 is divided into two components: the regression sum of squares of 209.276, which represents the portion of variance explained by the five predictors, and the residual sum of squares of 906.267, which represents the unexplained portion. The degrees of freedom for the regression model are df=5, reflecting the

five predictors, and for the residual df=132, computed as sample size minus the number of predictors minus the constant (138- 5 -1 = 132).

In conclusion, the combination of the independent variables has a statistically significant impact on the performance of PepsiCo Ethiopia.

4.5.5 Coefficients[a]

Table 11: Coefficientsa

Coefficients[a]										
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	9.455	1.478		6.397	.000	6.532	12.378		
	Level of information	-.013	.116	-.016	-.112	.912	-.243	.217	.310	3.228
	Strategic supplier partnership	-.354	.155	-.421	-2.281	.024	-.661	-.047	.178	4.607
	Customer relationship	.675	.154	.749	4.432	.000	.370	.980	.478	2.611
	Material flow management	.549	.149	.687	3.685	.000	.254	.844	.409	2.849
	Corporate culture	.493	.134	.566	3.679	.000	.328	.758	.484	2.068
a. Dependent Variable: Organizational Performance										

Source: SPSS 26, 2025

The regression coefficients indicate the individual contributions of each independent variable to organizational performance. As noted, VIF values confirm that multicollinearity is within acceptable limits, though some inter-predictor correlation exists and is considered in the interpretation below. Customer Relationship ($\beta = 0.749$, $p < 0.001$), Material Flow Management ($\beta = 0.687$, $p < 0.001$), and Corporate Culture ($\beta = 0.566$, $p < 0.001$) all exhibit strong positive standardized beta values with significant t-statistics, confirming their direct positive effect on organizational performance. These findings are theoretically grounded in Transaction Cost Economics, which posits that close customer relationships reduce demand uncertainty and coordination costs (Williamson, 1979), and in Systems Theory, which emphasizes that well-managed material flow and a collaborative corporate culture create systemic performance benefits across the supply chain (Stevens, 1989). From an RBV perspective, corporate culture serves as an intangible, non-replicable organizational resource that underpins performance-oriented behavior and continuous improvement (Barney, 1991; El Baz et al., 2021). Strategic Supplier Partnership shows a negative beta coefficient ($\beta = -0.421$, $p = 0.024$). This result does not imply that supplier partnerships are inherently harmful to organizational performance. In the presence of high multicollinearity (VIF = 4.607), Strategic Supplier Partnership absorbs variance shared with other predictors, producing a suppression effect. The Pearson correlation between Strategic Supplier Partnership and Organizational Performance ($r = -0.009$) confirms that its standalone relationship is negligible, suggesting the current implementation has not yet reached the strategic depth needed to independently drive performance outcomes. This is consistent with the RBV, which indicates that supplier partnerships generate competitive value only when embedded in knowledge-sharing and co-innovation activities (Barney, 1991)- activities still developing at PepsiCo Ethiopia according to the thematic analysis. Level of Information Sharing is statistically non-significant ($\beta = -0.016$, $p = 0.912$). TCE predicts that information-sharing benefits materialize only when systems are sufficiently integrated to reduce coordination uncertainty (Williamson, 1979); however, the current Syspro ERP system is acknowledged by key informants to be insufficient for cross-departmental integration, explaining the limited direct performance impact. The confidence intervals for significant predictors do not cross zero, reinforcing their reliability. Collinearity statistics are within acceptable limits, with tolerance values above 0.1 and VIF values below 10. In conclusion, the regression results confirm that Customer Relationship, Material Flow Management, and Corporate Culture are the primary direct drivers of organizational performance at PepsiCo Ethiopia. Strategic Supplier Partnership and

Information Sharing, while present in the organization, require strategic enhancement and better technological enablement to achieve their theoretically expected performance impact.

4.5.6 Assumptions Testing for Inferential Analysis

In conducting correlation and regression analysis, different statistical assumptions were used and examined to make sure the regression results are statistically acceptable.

The collinearity diagnostics was used to measure the level of multicollinearity among the variables. As per Appendix A the collinearity diagnostics show that there are moderate levels of multicollinearity among the variables but not severe enough to compromise the overall validity of the model.

The residuals statistics shows the performance and stability of the regression model used to predict organizational performance. In Appendix B, the statistics show the reliability of the regression model and indicates that it provides a reasonably accurate fit to the data.

Appendix C, the Histogram shows the values of Regression Standardized Residuals of a model that predicts Organizational Performance. From the Histogram we can see the reliability of statistical outputs as it is almost normally distributed, has low skewness and there is not extreme outliers present which shows us that the model is statistically viable and efficient in analyzing the relationship between the SCM practices and organizational performance of PepsiCo Ethiopia.

The Normal Probability-probability plot assesses if the standardized residuals follow a normal distribution or not. Appendix D shows the normality of the residuals in the model that is predicting organizational performance. This will add additional confidence in the model

Appendix E. shows the scatterplot test which tests linearity and homoscedasticity in linear regression. As shown on the graph, the model doesn't have heteroskedasticity meaning the model precision is close to both low and high values of organizational performance predictions.

4.6 Hypotheses Test

The hypotheses proposed in Section 2.4 state that each of the five SCM practices has a significant impact on organizational performance. These hypotheses are tested using the multiple regression specifically the standardized beta coefficients (β), t-values, and p-values for each predictor. The decision rule applied is: if the beta coefficient is statistically significant ($p < 0.05$) and positive in direction, the hypothesis is supported.

H1: H1 (Information Sharing) shows a non-significant negative beta ($\beta = -0.016$, $t = -0.112$,

p = 0.912), indicating that information sharing does not have a statistically significant direct impact on organizational performance at PepsiCo Ethiopia. Therefore H1 is not supported. This finding reflects limitations in the current ERP system (Syspro), which restricts effective cross-departmental information integration.

H2: H2 (Strategic Supplier Partnership) shows a statistically significant but negative beta (β = −0.421, t = −2.284, p = 0.024). While the relationship is significant, the direction is negative rather than the positive impact hypothesized. This suggests that current supplier partnership practices at PepsiCo Ethiopia are not yet structured to generate direct performance gains, and the hypothesis is therefore partially supported.

H3: H3 (Customer Relationship Management) shows a significant positive beta (β = 0.749, t = 4.383, p < 0.001), indicating that customer relationship management has a strong and statistically significant positive impact on organizational performance. H3 is supported. Customer Relationship is the strongest direct driver of performance among the five constructs.

H4: H4 (Material Flow Management) shows a significant positive beta (β = 0.687, t = 3.685, p < 0.001), indicating that material flow management has a strong and statistically significant positive impact on organizational performance. H4 is supported. This finding confirms that effective logistics and materials handling practices are a key performance driver at PepsiCo Ethiopia.

H5: H5 (Corporate Culture) shows a significant positive beta (β = 0.566, t = 3.679, p < 0.001), indicating that corporate culture has a statistically significant positive impact on organizational performance. H5 is supported. A performance-oriented and collaborative organizational culture contributes meaningfully to overall organizational effectiveness at PepsiCo Ethiopia.

4.7 Thematic Analysis

The research paper includes a qualitative data analysis by which key respondents were presented ten open-ended questions and interviews to answer. The responses from these respondents is analyzed through thematic approach where similar patterns were identified and analyzed.

1. In what do you feel supply chain management should focus greatest attention?

Most of the respondents said SCM should focus on integration of planning, sourcing, logistics, warehouse and customer service chains. As per the response from the supply chain manager, focus should be given to integrated demand forecasting and visibility to enable alignment and transparency of inventory level to reduce out of stock and holding of capital. The procurement

manager also mentioned that strategic supplier partnerships and having an advanced system like ERP and WMS are very necessary to have a better flow of information between the departments.

2. Is there any system in place or tools that are used to facilitate information sharing? So how effective are they?

The key informants mentioned that PepsiCo Ethiopia has tools that facilitate information sharing but their effectiveness of how they transfer information is not up to date. According to the production manager, PepsiCo currently uses Syspro as ERP system to transfer information between the procurement, finance and production departments. Even though an ERP system Syspro is available, he mentioned that it is not sufficient enough and effective as SAP ERP system. Using an SAP will centralize the data beyond specific departments and will ease the additional work and time it takes for transferring information. The warehouse manager also said that there is currently no system to arrange the inventory and track the raw materials and finished goods efficiently, hence mentioned that having a warehouse management system (WMS) and implementation is crucial.

3. What do you consider to be the role of information sharing towards organizational goals?

From the response of the key informants or leadership team, they believe that information sharing plays a crucial role in PepsiCo Ethiopia. As per the marketing manager, Information sharing enables transparency and coordination between the departments and external stakeholder. When information is accurate and latest, the performance of the company increases by decreasing waste, planning effectively and by quickly giving responses to the market changes. They said the role of information is crucial in attaining operational efficiency and help structure supply chain activities to achieve customer satisfaction and sustainable growth.

4. What do you make of the character of relationships PepsiCo has with key suppliers?

The key informants characterize the relationship PepsiCo Ethiopia has with the suppliers as partnership rather than transactional. The procurement manager mentioned that PepsiCo maintains a good relationship with its supplier by pushing the agenda of long-term partnership and strategic relationship. The manager added that different initiatives have been taken to highlight this long-term relationship agenda and working together to solve any issues or to come up with innovation ideas. One example she mentioned is the event that was held in 2025, supplier road show, where suppliers came out with their product and innovative ideas that reduces the cost of material. These kinds of events and approach help strength supplier

reliability, encourages innovations and aligns supplier contribution to the broader commitments of PepsiCo like Pep+ sustainability agenda.

5. At what level are suppliers included in your planning or product development activities?

As per the responses of the procurement manager and marketing manager, key suppliers are included on planning and product development activities. Like the example mentioned on the above question, on the event supplier road show, suppliers were encouraged to present their innovative ideas of like new product development and packaging material enhancement. In regard to planning, the managers mentioned that key suppliers are included in the early conversation process to provide input on cost, material availability and overall functionality of the project. This ahead of time engagement helps in reducing unforeseen risks and enhances the efficiency of the innovation. So the procurement manager believes that involving suppliers in planning and product development helps and contributes to the success of PepsiCo Ethiopia.

6. How, in your opinion, does strategic supplier partnership help improve organizational goals?

All key informants believe that strategic supplier partnerships help improve organizational goals. The supply chain manager says strategic supplier partnership develops reliability, innovation and long-term value creation. The relationship between suppliers go above than transactional relationships and it involves planning together, having a shared performance metrics and developing innovative ideas together. The manager mentioned that working very close with key suppliers who are dependable makes the product of the organization to be available consistently and have the expected quality. This will lead to customer satisfaction and overall operational efficiency

7. How does PepsiCo Ethiopia interact with its customers to know the needs?

As per the response from the sales manager and marketing manager, PepsiCo Ethiopia interacts with its customers and understand their needs through a direct engagement and feedback mechanism. The sales representatives usually checks the kiosks and the distributors about feedback from customers and satisfaction levels. The market insight research department also does go out to the market to gather customer surveys, market research and do analysis to understand the available demand in the market and on how to improve on its products. She also said that the responses from customers and survey's help PepsiCo Ethiopia to tailor its product, promotional activities and supply chain strategies to meet customer expectation and win in the market.

8. How does Customer relationship management (CRM) lead to Competitive advantage in the organization?

Most of the respondents said that managing the relationship with customers lead to competitive advantage for PepsiCo Ethiopia. As per the Planning and supply manager, CRM leads to competitive advantage by giving a deeper understanding of what the customer wants and needs are. PepsiCo Ethiopia can track through CRM the relationships and interactions between the distributors, retailers and end users. As mentioned by the sales manager, it could also help monitor the sales trend and product availability. This level of understanding and information gives the planning department to generate demand more accurately and improve customer services. He mentioned that having CRM in place will provide loyalty, reduces lost sales and strength position in the market which makes competition amongst competitors easier.

9. What is the cost, quality or delivery performance effect of effective material flow management?

The logistics and warehouse managers said that effective material flow management has a direct and positive impact on cost, quality and delivery performance. If there is a streamlined and smooth movement of materials across supply chain, PepsiCo Ethiopia will reduce the holding cost of inventory, decreases waste and won't have materials stock out situation. The manager mentioned that effective material flow also improves the quality of the products by eliminating errors and having FIFO system and OTIF (on time in full) ensures delivery timeline which meets the demand and provides customer satisfaction.

10. What are the issues pertaining to the corporate culture, with regard to supporting or hindering performance and innovation?

All of the key informants said that corporate culture has a great influence in performance outcomes and innovation. The Human resource manager said that PepsiCo Ethiopia's corporate culture supports performance and innovation by advising and supporting accountability, integrity, ambition and collaboration. One example he mentioned is the program of cultural transformation in which the employees gather once in a month to discuss what should be kept, what should be improved and what should be better to increase the performance of the company. This creates a space where employees are encouraged to share their ideas without fear. However, the manager mentioned that maintaining the balance between individual drive and collective objectives of the company requires continuous reinforcement. When the culture is a well managed it will provide the employees with thinking for innovations and operational excellence.

Interpretation

From the information gathered from the ten interview questions of the key informants it can be understood that PepsiCo Ethiopia has an aligned and a well managed supply chain. The answers shows that focus should be on integration, collaboration and being responsive among the supply chain departments starting from supplier engagement until customer relationship management. The managers highlighted that having an early involvement of suppliers, strategic partnerships and information sharing plays an important role in getting efficiency, innovation and higher performance. Although currently PepsiCo Ethiopia uses Syspro as an ERP system and doesn't have warehouse management system (WMS), they understand that changing and advancing these systems will lead to more accuracy in planning and provides more visibility to all functions within the supply chain.

In regard to the customer engagement, they have mentioned that both direct interactions and feedbacks are taken from the users of the products. This will enable PepsiCo Ethiopia to be closer to the market and understand the needs of its consumers. Having CRM system will also strength the connection with the consumers which will provide more understanding of their needs and for the services provided to be as per their wants.

The key informants identified material flow management as one of the main contributors to controlling costs, having the best quality products and increasing delivery performance. While working on the culture of the organization is seen as catalyst which provides accountability, integration and integrity through the works of employees. The thematic analysis shows that it supports the quantitative findings that strategic supplier partnership and level of information sharing require special attention and the other SCM practices material flow management, customer relationship management and corporate culture needs to be developed more to be competitive in supply chain. The move from older version of information sharing tools like Syspro into an advanced system of SAP will have a great impact on the flow of information from department to department. The thematic analysis shows that an approach where technology, partnership and culture coming together will create a better and competitive supply chain.

4.8 Discussion

Chapter Four presents the data analysis and findings through both quantitative and qualitative methods, revealing a nuanced picture of how SCM practices affect organizational performance at PepsiCo Ethiopia. The findings are discussed in integration with the theoretical frameworks underpinning this study: Resource-Based View (RBV), Transaction Cost Economics (TCE), and Systems Theory.

The empirical findings confirm that SCM practices have a significant collective impact on organizational performance ($F = 6.096$, $p < 0.001$; $R^2 = 0.688$; Adjusted $R^2 = 0.676$), consistent with Li et al. (2006) and Aswini Priya et al. (2019), who demonstrate that integrated SCM practices positively affect firm outcomes. The close alignment between R^2 and Adjusted R^2 confirms the model is well-specified and that the five SCM constructs are genuine and robust predictors of organizational performance collectively, a finding that aligns with Chin et al. (2011), who identified these practices as an integrated SCM system. Customer Relationship emerges as the strongest driver ($\beta = 0.749$, $p < 0.001$), consistent with TCE, which predicts that close customer relationships reduce demand uncertainty and coordination costs (Williamson, 1979). Gharakhani et al. (2012) similarly found that customer relationship practices generate organizational success in SCM contexts. Material Flow Management ($\beta = 0.687$, $p < 0.001$) is confirmed as the second-strongest predictor, consistent with Systems Theory, which holds that efficient material flow ensures systemic balance between inputs, processes, and outputs (Stevens, 1989). Corporate Culture ($\beta = 0.566$, $p < 0.001$) is confirmed as a significant positive predictor, supporting the RBV perspective that an adaptive, performance-oriented culture is an intangible resource that competitors cannot easily replicate (Barney, 1991; El Baz et al., 2021).

The negative beta coefficient for Strategic Supplier Partnership ($\beta = -0.421$, $p = 0.024$) must be interpreted cautiously within the multicollinearity context. From an RBV perspective, supplier partnerships generate competitive value only when embedded in deep knowledge-sharing and co-innovation activities (Barney, 1991). The thematic analysis reveals that while PepsiCo Ethiopia has initiated supplier roadshows and long-term engagement programs, these are still nascent, explaining why the coefficient reflects a suppression effect rather than genuine negative impact. The non-significant coefficient for Information Sharing ($\beta = -0.016$, $p = 0.912$) is consistent with TCE's prediction that information-sharing benefits materialize only when systems are sufficiently integrated to reduce coordination uncertainty (Williamson, 1979)—a condition not yet met given the limitations of the current Syspro ERP system identified in the thematic analysis. The triangulation of quantitative regression results with thematic interview findings strengthens the validity of these conclusions, confirming that customer relationship, material flow management, and corporate culture are both statistically robust and operationally relevant performance drivers at PepsiCo Ethiopia.

In conclusion, the literature and empirical data together show that while SCM practices collectively have a significant impact on organizational performance, their individual effectiveness depends on strategic alignment, technological enablement, and continuous

improvement. PepsiCo Ethiopia's experience demonstrates that SCM practices must be treated as an integrated system; their performance benefits are maximized when all five dimensions are developed coherently and complemented by appropriate information systems and organizational capabilities.

CHAPTER FIVE

5 SUMMARY OF FINDINGS, CONCLUSION and RECOMMENDATION

5.1 Introduction

This chapter presents the summary of the findings and the examination of the data presented in chapter four. The chapter also presents the conclusion, recommendations, theoretical & managerial implications for firms in Ethiopia and future research directions.

5.2 Summary of Findings

5.2.1 Level of Information

In regards to the impact of the level of information on the performance of the organization, from the 138 responses analyzed, it shows that PepsiCo Ethiopia's communication and information sharing practices within and with its trading partners are perceived to be weak. The mean scores for the six items range between 2.43 and 2.47 on a 5-point Likert scale which is lower that the middle point 3. This shows that the respondents all together disagree or is closer to neutral regarding the exchange & sharing of effective collaborative information. The uniformity between the respondents means that the perception of insufficient information sharing affecting the organization.

Both the thematic and quantitative data shows a critical gap in level of information sharing within the organization and outside with its trading partners. Management team should work on providing and implementing a structured communication channels to enhance the information sharing.

5.2.2 Strategic Relationship

The responses from the 138 respondents on strategic supplier partnerships also shows a consistently low level of engagement. The mean scores on the six questions range from 2.40 to 2.45 which is below the neutral point 3. This means that the respondents don't believe that practices such as joint problem-solving, supplier involvement in planning, and continuous improvement programs are largely present in PepsiCo Ethiopia. This results shows that the relationships with suppliers seems like more transactional than long term partnership.

The results emphasizes the requirement to move towards more collaborative supplier engagement and management by including the suppliers early on in innovations and development initiatives to build and strength the relationship with them.

5.2.3 Customer Relationship

The responses from the 138 respondents shows a weakness in customer engagement practices. The mean scores for all six items range from 2.38 to 2.42, which is below the neutral midpoint 3 on a 5-point scale. This suggests that respondents normally disagree or is closer toward neutrality regarding proactive customer interaction, satisfaction measurement, and relationship evaluation. This shows that the lack of structured customer relationship practices in the organization is wide and not isolated.

Strategically, these findings highlight a major issues as the organization is perceived as unresponsive to customer needs, lacking mechanisms for setting standards, measuring

satisfaction, and maintaining strong relationships. Immediate action is required to implement customer-centric processes and engagement strategies.

5.2.4 Material Flow

The results and responses about materials flow management shows a neutral to negative perception of the organization's use of key practices such as FIFO, MRP, JIT, and logistics coordination. Mean scores are between 2.41 and 2.43, which is below the midpoint, and that shows that the practices of material flow management are present but not strongly or consistently applied. This shows that there are issues across the organization and not only specific departments or functions.

The results shows that while material flow management practices exist, they are not properly utilized which leads to poor integration between functions that limit efficiency of the supply chain operations. Managerial leaders should focus on strengthening and standardizing the practices that are already present to optimize inventory management and production processes.

5.2.5 Corporate Culture

The responses from the 138 respondents shows a weakness in perception of corporate culture. The mean scores for all six items range from 2.43 to 2.50, which is below the neutral midpoint 3 on a 5-point Likert scale. This means that the corporate culture of PepsiCo Ethiopia is not viewed as a strong factor of performance or competitive advantage.

The results shows that there is a relatively lower to moderate cultural strength and effectiveness in the company. The leadership and management team should try to work on cultural development initiatives, focusing on alignment, communication, and integration of cultural values into daily operations to enhance collaboration and performance between the departments.

5.2.6 Organizational Performance

The data among respondents about the organizational performance of PepsiCo Ethiopia is more or less the same. Across all the indicators of organization performance which are market share, sales growth, profit margins, and returns on investment the average score was a consistent 2.44. This means that almost all respondents believe that the company's performance is moderately above average but not that good. This indicates that the workforce perceives steady, middling performance across all key financial areas, indicating a reliable baseline but also significant room for growth and improvement.

From the statistical outputs, we can see that the impact of supply chain management practices or dimensions have a complex impact on organizational. The results showed that level of information sharing and strategic supplier partnerships are strongly interrelated with the other supply chain management dimensions but their direct impact on the performance of organizations seems to be low or not as significant. The other SCM practices, relationship with customers, management of material flow and corporate culture shows a significant and positive relationship with organizational performance. This means that these dimensions have more critical influence in impacting the overall organization's performance.

5.3 Conclusion

This research study examined the impact of supply chain management practices, Information sharing level, Supplier partnership strategically, Customer Relationship, Managing material Flow, and Corporate Culture on Organizational Performance using correlation and multiple regression analysis. The findings show that while these practices are highly interrelated, their direct influence on performance varies significantly.

From the correlation analysis we can see that there is a strong positive correlations or relationships among the independent variables. These means that the supply chain management (SCM) practices have interconnected nature in affecting supply chain dynamics. However, level of information sharing and strategic supplier partnership showed week or non-significant correlations with organizational performance. This mean level of information sharing and strategic supplier partnership alone do not guarantee improved outcomes on performance. Even though supplier collaboration and information sharing are required for integration, collaboration and growth, the current implementation in PepsiCo Ethiopia might lack strategic alignment impacting the relationship or impact they have on performance.

In contrast, management of material flow and relationships with customers were found to be the most impacting followed by corporate culture. These mean it is important to have customer engagement, material operation efficiency and cultural alignment to have greater organizational performance.

Hence, the analysis results answer the research questions of the study. Level of information sharing does not have a statistically significant direct impact on PepsiCo Ethiopia's organizational performance ($\beta = -0.016$, $p = 0.912$). Strategic supplier partnership is statistically significant ($\beta = -0.421$, $p = 0.024$), however its effect is negative rather than positive, indicating that current supplier partnership practices are not yet structured to generate

direct performance gains and the hypothesis is therefore only partially supported. Whereas customer relationship, management of material flow and corporate culture have a significant positive impact on PepsiCo Ethiopia's organizational performance.

In conclusion, the research paper concludes that organizational performance of PepsiCo Ethiopia is mainly driven by customer centric practices, efficient material flow and collaborative culture. Even though strategic supplier partnerships and level of information sharing is very necessary for long term competitiveness, in the case of PepsiCo Ethiopia it requires structural improvements to see the effect on the performance of the organization.

5.4 Recommendation

The analysis and findings of the study shows there are gaps in effectiveness and implementations of the key supply chain practices and their impact/effect on organizational performance. The regression analysis shows that customer relationships, material flow management, and corporate culture are the ones who have the strongest effect of organizational performance, other practices such as information sharing and strategic supplier partnerships showed limited or even negative influence on organizational performance. The descriptive analysis for each supply chain management (SCM) practices also shows consistent ratings which are close to neutral to negative perception of the respondents (employees). This means there is a weakness in almost all of the practices of supply chain management.

Hence the below recommendations are listed to address the shortcoming of the SCM practices. The goal is to transfer the existing practices into more structured and efficient that enables competitiveness and increase the performance of the company.

The recommendations are categorized as short term and long term which will be easier for PepsiCo Ethiopia to focus on working on the SCM practices according to the defined timelines.

5.4.1 Short-term recommendation

- **Prioritize a Corporate Culture Transformation Initiative**: As the results of the study shows that corporate culture has a positive and significant impact on organizational performance. Building a formal "Culture Champion" or "Cultural Transformation" program led by the senior and engaging the employees will further transform the organization into a better place. This initiative should move beyond posters and slogans to define tangible, measurable behaviors linked to performance.

  Management should also work to align values, behaviors, and incentives to responsiveness, cross-functional collaboration, and problem-solving so the working culture of the employee gets boosted.

- **Shift from Transactional to long term Strategic Supplier Partnerships**: From the study, it can be understood that there is a relatively strong negative perception of current supplier relations, giving an indication that the relationship with suppliers are more of a transactional and not a long term strategic partnership.

  To avoid this, leadership team should implement a collaborative supplier partnership program. Identify top strategic suppliers and initiate joint business planning sessions, involving them in early stage product development like value engineering and establish shared performance metrics (KPIs) focused on innovation and total cost, not just unit price.
- **Launch a Customer-Centricity Overhaul**: Customer relationship shows a significant impact on the organization's performance. Hence managing the relationship with customer very well will increase the organizations performance. So further utilization of the existing advanced CRM and ERP systems and moving beyond data collection and into actionable tasks will impact PepsiCo Ethiopia's performance.

  Establish a cross-functional "Voice of the Customer" task force (including Marketing, Sales, Logistics, and Production) that meets regularly to review customer feedback, market trends, and sales data to drive rapid decision-making.

5.4.2 Long-term recommendation

- **Optimize Material Flow management:** The study shows that having a proper management system of material flow impacts organization's performance at a positively significant level. Hence to further develop material flow management, optimize a lean management task force to conduct value-stream mapping of key product lines.

  Focus on reducing non-value-added activities, optimizing inventory levels using the rich data from the ERP/WMS systems, and implementing more rigorous JIT principles with key suppliers.
- **Leverage Information Integration for Predictive Analytics**: In the study, it can be seen that there is negative perception regarding the level of information sharing. From the thematic analysis, it is understood that the information integration system in place is backdated, and an advanced tool is required to transfer information more smoothly and in a timely manner between the departments. Hence, the business needs to invest in upgrading the current analytical capabilities. Use the integrated SAP system to develop predictive analytics models for demand forecasting, rather than relying on historical data alone. Share these insights transparently with suppliers and customers to enhance coordination.

- **Establish an enterprise-wide, KPI-driven Performance Management System**: To increase the performance of PepsiCo Ethiopia there should be a link of customer insights, material flow excellence, supplier value, and culture into one operating rhythm-anchored by a unified dashboard (market share, sales growth, margin, ROI), a quarterly PDCA cycle that turns CRM feedback into product/service improvements, standardized FIFO/MRP/JIT practices to cut waste and delays, a reset of supplier relationships toward performance-based partnerships, and cultural reinforcement of accountability and continuous improvement, so that the organization consistently translates strategy into measurable performance gains.

5.5 Theoretical contribution and Managerial implications for firms in Ethiopia

The findings of this study contributes to the supply chain management practices and organizational performance literature by providing an empirical evidence of the relationship between the key supply chain management practices, Information sharing level, supplier strategic relationship, customer relationship management, management of material flow and corporate culture and the dependent variable organizational performance. This study is done within a context of a fast-moving consumer goods (FMCG) company operating in Ethiopia. Since most of the studies available are done in developed countries, this research will contribute in providing a better understanding and context for developing countries which enriches the theoretical understanding of how the SCM practices shape the performance of an organization.

The study also provides a guidance for managers of firms that are operating in Ethiopia. The study shows that managers should be encouraged to tighten and strengthen the mechanisms of information sharing with in key departments and external stakeholders to improve coordination, effectiveness and responsiveness. Managers should focus on building and developing a long-term relationship that is not transactional but strategic one with suppliers and customers to enhance reliability, efficiency and performance. Additionally, managers need to effectively utilize advanced material flow management tools to have smooth operations in their supply chain.

Overall, the study shows that onboarding a structured and correlated SCM practices can help Ethiopian FMCG companies to increase competitiveness and achieve sustainable performance increment.

5.6 Future research direction

While this study provides a major insights and understandings on the effect of the key supply chain management practices on the organizational performance in Ethiopia, the need for several future researches remains the same. Future researches could expand their studies by including different sectors and a larger sample size of firms to understand the impacts of SCM practices across different organizations and set ups, which will help to generalize the study findings. Future studies could also include and incorporate the other contextual variables such as institutional factors, supply chain digital technologies and environmental sustainability practices to provide more comprehensive understanding of Ethiopia's firms supply chain. Longitudinal research designs could be use in the future studies to understand the long term effect of these key SCM practices on the performance of organizations.

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APPENDIX: A

Collinearity Diagnostics a

Collinearity Diagnostics[a]									
Model	Dimension	Eigenvalue	Condition Index	Variance Proportions					
				(Constant)	Level of information	Strategic supplier partnership	Customer relationship	Material flow management	Corporate culture
1	1	5.910	1.000	.00	.00	.00	.00	.00	.00
	2	.060	10.212	.18	.06	.04	.02	.00	.06
	3	.048	12.456	.15	.08	.01	.05	.12	.01
	4	.030	13.909	.22	.10	.00	.16	.01	.09
	5	.028	14.456	.11	.04	.01	.05	.12	.01
	6	.010	19.909	.10	.02	.07	.12	.01	.00
a. Dependent Variable: Organizational Performance									

Source: SPSS 26, 2025

APPENDIX: B

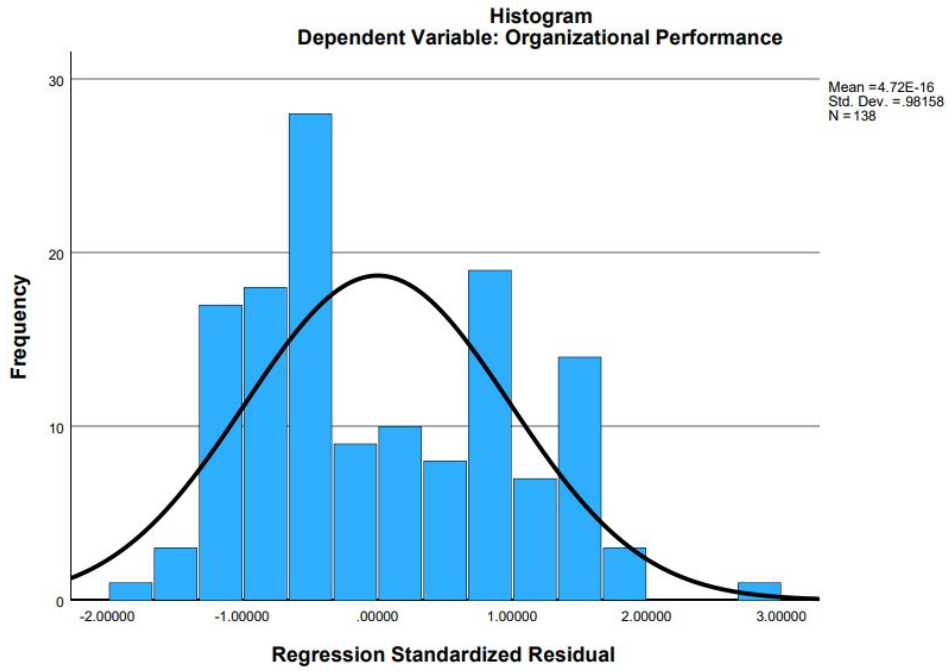
Residuals Statistics[a]

Residuals Statistics[a]					
	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	9.7647	17.8756	14.6571	1.22702	138
Residual	-5.03758	7.29215	.00000	2.55341	138
Std. Predicted Value	-3.987	2.623	.000	1.000	138
Std. Residual	-1.937	2.804	.000	.982	138
a. Dependent Variable: Organizational Performance					

Source: SPSS 26, 2025

APPENDIX: C

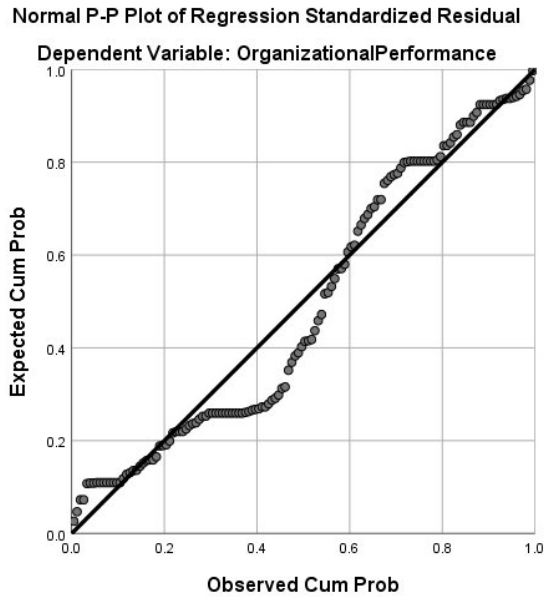
Histogram



Source: SPSS 26,2025

APPENDIX: D

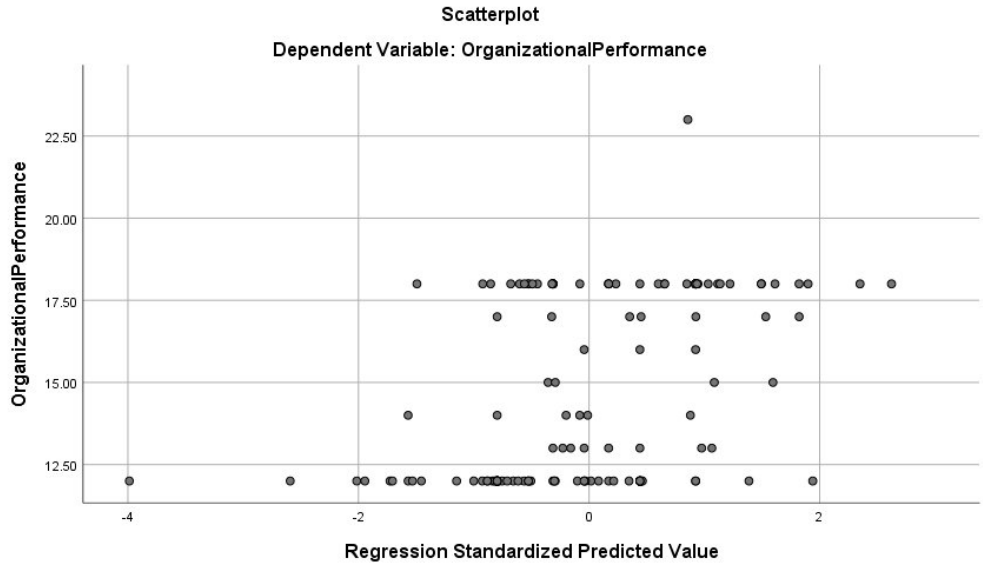
Normal P-P Plot



Source: SPSS 26, 2025

APPENDIX: E

Scatterplot



Source: SPSS 26, 2025

APPENDIX: F

Section One: Form of Consent

Dear respondents:

The purpose of this questionnaire is for a research paper that is being done with a "The effects supply chain management practices on the organizational performance of PepsiCo Ethiopia." Please provide a correct and complete answers for the questions and I believe you will give attention to each question. Your responses will represent the findings on the effect that SCM practices has on PepsiCo Ethiopia's performance. Kindly note that the information and answers you give will be kept confidential and will only be used for academic purposes. In advance, would like to thank you for your honest feedback.

Circle the best option you think is correct.

Sincerely,

Section Two: Demographic Information

1. Gender:
   - Male
   - Female
2. Age:
   - 18-25
   - 26-33
   - 34-41
   - 42-49
   - Above50
3. Work Experience:
   - 1-5 Years
   - 6-10 Years
   - 11-15 Years
   - Above 15 Years
4. Education status:
   - Diploma
   - Degree
   - Masters
   - PhD/Doctorate
5. What is your role within the organization?
   - Marketing
   - Human and Property Resources
   - Manufacturing
   - Planning and procurement
   - Logistic and Supply
   - Finance and Administration
6. How long have you been employed with the organization?
   - Less than 1 year
   - From 1-3 years
   - From 4-6 years
   - More than 6 years

Section Three: Questionaries

The table that follows in the next section consist of list of items, please put —√mark for every statement based on your level of agreement.

The agreement level is from 1-5, which 1 indicates strongly disagree, 2 indicates disagree, 3 indicates neutral, 4 indicates agree, and 5 indicates strongly agree

Level of information sharing

No.	Statement	1	2	3	4	5
1	In regarding to changes that are coming, our organization communicates with trading partners in advance					
2	Our partners share proprietary information with us					
3	In any issues that affects the business, our trading partners keep us fully informed					
4	Our trading partners share business knowledge of core business processes with us					
5	Our organization exchange information with trading partners to establish our business planning					
6	Our organization keeps in touch frequently with our trading partners and informs each other about any changes/events that may affect the other partners business					

Strategic supplier partnership

No.	Statement	1	2	3	4	5
1	While selecting suppliers, our organization considers quality as our number one criterion					
2	Our organization regularly solves problems jointly with our suppliers					
3	Our organization has helped our suppliers to improve their product quality					
4	Our organization has continuous improvement programs that					

	include our key suppliers					
5	In activities like planning and goal setting activities, our organization includes our key suppliers to participate					
6	In the process of developing a new product, our organization actively involves our key suppliers					

Customer relationship

No.	Statement	1	2	3	4	5
1	Our organization frequently interacts with customers to set reliability, responsiveness, and other standards for us					
2	Our organization frequently measure and evaluate customer satisfaction					
3	Our organization frequently determine future customer expectations					
4	Our organization facilitates customers' ability to seek assistance from us					
5	Our organization periodically evaluates the importance of our relationship with our customers					
6	Our organization frequently makes customer visit on field					

Material flow management

No.	Statement	1	2	3	4	5
1	Our organization uses FIFO for managing raw and finished materials					
2	For demand forecasting, our organization uses Material requirement planning (MRP)					
3	For managing production, our organization uses Just-in-time (JIT)					
4	Our organization uses the logistics management of both raw materials and finished goods					

5	Our organization deals with both internal and external customers for purchasing deals					
6	Our material management department has good relationship with other departments of the organization					

Corporate culture

No.	Statement	1	2	3	4	5
1	The performance of the organization is affected by the organizational culture towards material handling					
2	The amount of waste has increased because of the organization's culture towards material stacking and handling					
3	By comparing with competitors, our organization culture has helped the organization to achieve best performance					
4	Our corporate culture is aligned with our company culture					
5	Our organization works to create and maintain organizational culture within the organization					
6	In regards to communication of suppliers and customers, our organization has a good culture					

Organizational Performance of PepsiCo Ethiopia

How well does PepsiCo achieves its market-oriented goals as well as its financial goals compared to other competitors based on the below criteria?

The item scales are five-point Likert scales with 1=Very low, 2=Low, 3=Average, 4=High, 5=Very high,

No.	Statement	1	2	3	4	5
1	Market share					
2	The growth of market share					
3	Growth of sales					

4	Profit margin on sales					
5	Return on investment					
6	Growth on return of investment					

Additional statements or comments:

a) Do you have any additional comment/opinion about the supply chain management practices of PepsiCo Ethiopia?

_____

_____

b) Do you have any additional comment/opinion on the overall performance PepsiCo Ethiopia?

_____

_____

_____

_____

Section Three: Interview Questions

1. What do you think are the most important practices in supply chain management?
2. Are there any tools or systems in place to facilitate information sharing? How effective are they?
3. In your view, how does information sharing contribute to achieving organizational goals?
4. How would you describe the nature of PepsiCo's relationships with key suppliers?
5. How involved are suppliers in your planning or product development processes?
6. In your view, how does strategic supplier partnership contribute to achieving organizational goals?
7. How does PepsiCo Ethiopia engage with its customers to understand their needs?
8. How does Customer relationship management (CRM) contribute to the organization competitive advantage?
9. How does effective material flow management impact cost, quality, or delivery performance?
10. In what ways does the corporate culture support or hinder performance and innovation?