EMPLOYEES' PERSPECTIVE ON THE EFFECT OF SUPPLY CHAIN MANAGEMENT PRACTICES ON ORGANIZATIONAL PERFORMANCE: THE CASE OF ANBESSA SHOE SHARE COMPANY (ASSC)

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DECLARATION

I, the undersigned, declare that, this study **"Employees' Perspective on the Effect of Supply Chain Management Practices on Organizational Performance: the case of Anbessa Shoe Share Company (ASSC)"** is my original work and has not been presented for a degree in any other university, and that all sources of materials used for the study have been duly acknowledged**.**

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Abstract

In today's emerging competitive environment, the ultimate success of the business depends on management's ability to integrate the company's intricate network of business relationships. Supply Chain Management is one of the most significant changes in the paradigm of business management that has the potential to make or break a company. Effective supply chain management (SCM) has become a potentially valuable way of securing positive returns for the organization performance since competition is no longer between organizations, but among supply chains. The general objective of this study is to examine the effect of SCM practices on organizational performance with special emphasis on the case company Anbessa Shoe Share Company (ASSC). The study conceptualizes and develops four dimensions of SCM practices: (Supplier Relationship Management, Customer Relationship Management, Information Sharing Practice and Information Technology Adoption Practice) and their effect on organizational performance (Financial as well as market perspectives). The study involved a survey design. A primary data were collect using a closed-ended questionnaire instrument. The data for the study was collected from 102employees of ASSC particularly those who have knowledge about the supply chain management practice using probability sampling particularly stratified sampling technique. The gathered data analyzed using descriptive analytical technique with the help of Statistical Package for Social Sciences (SPSS version 20). The relationships proposed in the framework were tested using Pearson correlation, and the effect of SCM practices on Organizational Performance was analyzed using regression analysis. From the result of the analysis it is concluded that there is a significant positive relationship between SCM practices and organizational performance. Therefore, in order to achieve organizational performance in marketing and financial perspectives in the long-run, it is better for the organization to give due emphasis to SCM practices.

Key words: Supply Chain Management, Supply Chain Management Practice, Organizational Performance.

Acronyms:

ASSC: - Anbessa Shoe Share Company
CSCMP: - Council of Supply Chain Management Professionals
CRM: - Customer Relationship Management
EDI: - Electronic Data Interchange
ERP: - Electronic Resource Planning
GSCF: - Global Supply Chain Forum
ISP: - Information Sharing Practice
ITAP: - Information Technology Adoption Practice
IT: - Information technology
OP: - Organizational Performance
PSA: - Product and Service Agreements
R&D: - Research and Development
ROE: - Return on Equity
ROI: - Return on Investment
ROS: - Return on Sales
SBSC: - Sustainable Balanced Scorecard
SC: - Supply Chain
SCM: - Supply Chain Management
SCMP: - Supply Chain Management Practices
SCOR: - Supply-Chain Operation Reference-model
SRM: - Supplier Relationship Management
SPSS: - Statistical Package for Social Sciences
VMI: - Vendor-Managed Inventory

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Supply chain management (SCM) consists of the whole activities associated with products and services movement from raw material stage to final products which are consumable by customers. This movement includes financial and information flow as well as material flow between downstream and upstream organizations which are involved in different processes and activities that create value for end customers in the form of products or services (Christopher 1998).

The simultaneous integration of customer requirements, internal processes, and upstream supplier performance is commonly referred to as supply chain management (Fantacy, Magnan & McCarter 2010). With the purpose of managing the supply chain actions for realizing improvement in enterprise performance, it is necessary to improve an integrated SCM practices with suppliers and clients, since the efficiency can be achieved through the interaction of various supply chain practice. For effective SCM, a comprehensive effort for improvement in all of supply chain functions within a firm should be made, and, first of all, the focus of supply chain practices should shift from functional and independent to general and integrative. This implies that the performance of each supply chain practice should be evaluated depending on how the practice has a significant effect on the efficient integration of entire supply chain processes, and thus, the successful achievement of Supply Chain (SC) integration can be possible by the systematic utilization of various supply chain practices (Bowersox 2009).

SCM practices have received numerous definitions. Koh et al. (2007) defined SCM practice as the set of activities undertaken by an organization to promote effective management of its supply chain; as the approaches applied in integration, managing and coordination of supply, demand and relationships in order to satisfy clients in an effective way. On the other hand, Chow et al. (2008) defined SCM as tangible activities/technologies that have a relevant role in the collaboration of a focal firm with its suppliers and/or clients as the approach to involve suppliers in decision making, encouraging information sharing and looking for new ways to integrate

upstream activities. As a consequence, it involves developing customer contacts by customer feedback to integrate the downstream activities and delivering orders directly to customers.

According to Gibson, Mundy and Sink (2010), organizational performance refers to ability of an enterprise to achieve such objectives as high profit, large market share, good financial results, and survival at pre-determined time using relevant strategy for action. Organizational performance can also be used to view how an organization is doing in terms of level of profit and market share in relation to other organization in the same industry. Consequently, it is a reflection of productivity of members of an enterprise measured in terms of revenue, profit, growth, development and expansion of the organization.

Organizational performance refers to how well an organization achieves its market-oriented goals as well as its financial goals. The long-term objective of SCM is to increase market share and profits for all members of the supply chain (Tan *et al*. 200). *Li et al. (*2006) stated that any organizational initiative, including supply chain management, should ultimately lead to enhanced organizational performance.

The study was conducted in one of the oldest shoes manufacturing business in Ethiopia and is recognized to be a pioneer in terms of introducing modern shoe marking technology to the country. Its formation dates back to the late 1930s and it started production of shoes under the name of Darmar shoe factory at the time when such conveniences were not widely known among the general populace of the country. The present form of Anbessa Shoe Share Company (ASSC) is a result of many changes and reorganizations, which took place over the past 60 or more years. Documentary evidences indicate that the factory has passed through different institutional rearrangements or reorganization processes (ASSC profile 2012).

It was in 2011 that Darmar shoe factory was transferred to a private holding at a total cost of 4.3 million dollars following a call by the then Privatisation and Public Enterprises Supervising Agency (PPESA). Now Anbessa is owned by seven shareholders, with the majority belonging to Tedela Yezengaw. Over its long life, the factory has been trying to meet the demand for comfortable, durable but reasonable priced shoes made from pure leather. With such large

segment of the population still not using factory made shoes, the focus of the factory on price, comfort and durability meets three of the most important requirements of the potential customer. ASSC is now launching new lines of high quality footwear, bags, cases and belts.

Anbessa is committed to satisfy the local and foreign customers by providing a wide selection of shoes made from pure leather and by producing 4,500 pairs of shoes per day. Anbessa Shoes is conducting an expansion project at a cost of half a billion birr on the outskirts of Addis Ababa, along the newly built Aqaqi-Goro road. This project, when completed, will increase the current production capacity of the company to threefold, up to 10,000 pairs of shoes a day. Currently, Anbessa Factory employs close to 1,203 people; among them 715 workers are permanent employees. Upon completion of the expansion it is expected to absorb close to 3,000 workers. ASSC is recognized as a pioneer in modern shoe manufacturing in Ethiopia and is well-regarded brand. It is equipped with modern machinery and employs relatively skilled labour. Its capacity has allowed the company to be a substantial exporter and generating foreign exchange earnings. (ASSC Profile 2012).

SCM offers a management philosophy to manage activities and integrate with downstream and upstream partners as well as firms' internal Supply Chain. Thus, managing the supply chain management practice in this business environment has a major effect on performance of all parties involved in the chain. In this thesis, the effect of SCM practice on organizational performance of Anbessa Shoe Share Company was investigated from Employees' perspectives.

ASSC has been selected for this study; because the organization has a relationship with downstream partner (customer) and upper stream partner (suppliers). Concerning the relationship with downstream, the company supplies its products both on domestic as well as foreign markets. Local sales are made through the firm's 33 retail outlets in 10 major towns across the country. Others sales are made to different government enterprises, private organizations and agencies. Regarding foreign market, the main export markets are Italy (90% of exports), Germany, Kenya, Uganda, Israel and the United States.

ASSC also has relationship with upper stream (suppliers) particularly for getting raw material. Processed leather, which constitutes almost 50% of input costs, is sourced from different locally based Tanneries. Other inputs (TR material for sole, shoe components and accessories) are imported on a competitive international open tender basis.

1.2 Statement of the Problem

Supply chain management is an issue in many industries as companies realize the importance of creating an integrated relationship with their suppliers and customers. Managing the SC has become a way of improving performance by reducing uncertainty and improving service (Li et al. 2006). In addition, supply chain management aids in the development and management of a coordinated flow of goods and services from the raw material stage to the final customer. Moreover, although, supply chain management will play a pivotal role in reducing cost of operation and improving organizational performance. Nowadays the concept of SCM has received increasing attention from parts of people like academicians, managers, consultants, and business owners. Many organizations have begun to recognize that SCM is the key to enhance organizational and overall supply chain performance (Li et al. 2006).

Yet, despite the significant advancement in research and practices, many organizations continue to struggle to understand the complex issues associated with the coordinated planning and supply chain management practice amongst the members of their supply networks (Lori & Daniel 2011).

As a business organization ASSC's primary objective is to generate optimal profit. When we are talking about profit, it's obvious that the company should maintain its cost low and raise its organizational performance. And for the organization to fulfill its objective, the implementation of effective SCM practices plays a vital role in minimizing costs and improving organizational performance.

In line with this ASSC is facing with a high overhead costs that leads to have a serious constraint on its working capital and suffers the disadvantage of not having its own tannery. In addition to

this, the company relies on contact initiation from customers in its export markets, and does not have a formal SC relationship with trading partners.

The prevailing poor SCM practice in ASSC led the researcher to undertake this study. Therefore, this study aims at filling the gaps of the case company with regard to organizational performance by examining the effect of the SCM practices on organizational performance. However, due to size limitations and time constraints, only four of SCM practices (i.e. Supplier relationship management, Customer relationship management, Information sharing practice and IT adoption practice) and their effect on organizational performance(financial & market perspectives) were fully examined in this study.

1.3 Research Question

This study attempts to address the following research questions:

i) What are the current SCM practices in ASSC?
ii) What is the effect of these SCM practices on ASSC's organizational performance?
iii) What is relationship between SCM practices and organizational performance of ASSC?

1.4 Research Objectives

1.4.1 General Objectives of the Study

The general objective of this study is to examine the effect of SCM practices on organizational performance with special emphasis to the case company ASSC.

1.4.2 Specific Objectives of the Study

Keeping the aforementioned objectives in account, this study encompasses the following specific objectives:
i) To determine the supply chain management practices that are currently applied by ASSC.
ii) To determine the relationship between SCM practices and organizational performance of ASSC.

iii) To determine the effect of supply chain management practices on organizational performance of ASSC.

1.5 Significance of the Study

The result of this study would be valuable to the academicians, researchers, corporate managers, policy makers; and generally for business practitioners as they would be able to know the effect of supply chain management practice and what role it would have on organizational performance. Specifically, it helps in showing the current supply chain management practices and their effect on organizational performance of ASSC. Furthermore, the result of this study gives an insight to any individual who has interest to undertake further study on this area of supply chain management practice and organizational performance.

1.6 Scope of the Study

It is very difficult to cover all leather manufacturing industries in the country due to the very limited capacity with respect to time, finance and skill to conduct it. As a result, this study is confined to the selected case company, ASSC. Moreover, the subject scope of this study is also delimited to the company's point of reference towards supplier relationship management, customer relationship management, information sharing and IT adoption practices. In terms of organizational performance the study is also delimited to market share, return on investment, the growth of market share, the growth of sales, growth in return on investment, profit margin on sales and overall competitive position. The research sample didn't incorporate the upstream and the downstream side of supply chain partners' namely: suppliers and customers due to time constrained, so that one should be cautious using these results to draw broad conclusions because of limited sample size utilized for the analysis.

1.7 Limitations of the Study

To give adequate grounds for generalization of the research findings, the research scope should have covered the entire leather manufacturing companies in Addis Ababa but due to the very

limited capacity with respect to time, finance and skill the research is limited to the selected footwear manufacturing case company, ASSC. Due to the broad nature of the field and difficulty of manageability, the study is also limited to a particular framework to examine the effect of supply chain management practices on organizational performance from employee's perspectives of ASSC.

1.8 Operational Definitions of Terms

Supply chain management is a management of whole activities undertaken by ASSC which associated with products and service movement from raw material stage to final products of footwear, bags, cases and belts which are consumable by customers. This movement includes financial, information as well as material flow between downstream parties (distribution channels and end customer) and upstream parties (supplier of processed leather and other inputs) which are involved in different processes and activities that create value for end customers in the form of products or services.

Supply chain management practices are set of activities undertaken by ASSC to promote effective management of its supply chain with trading partner. which include Supplier relationship management, Customer relation management, Information sharing practice and Information Technology adoption practice.

Organizational performance refers to how well ASSC achieves its market oriented goals as well as its financial goals including return on investment (ROI), market share, profit margin on sales, the growth of ROI, the growth of sales, the growth of market share, and overall competitive position.

1.9 Organization of the Paper

This thesis has got five chapters and organized in the following manner: Chapter one encompasses the introductory parts. This includes Background of the study, Statement of the problem; Research Questions, Objectives, significance, Scope, Limitation and definition of

terms. The extensive literature review about the subject matter discusses in the second chapter. Chapter three is all about Research Methodology and methodological subsets. Chapter four presents Findings, Analysis, Interpretation and Discussion of results. The last but not the least, chapter five, presents the Summary of major findings, Conclusion and, Recommendation, Research Limitation and Areas of Future Research.

CHAPTER TWO: REVIEW OF RELATED LITERATURE

2.1 Introduction

This chapter examines what various scholars and authors have documented about the relevant conceptual issues of topic of the study. By focusing on previous research in this area and present reviewed literature relevant to this study, the chapter covers definition and concept of supply chain management practices, organizational performance and effect of supply chain management practices on organizational performance.

2.2 Concept and Definition of Supply Chain Management

Different researchers tried to describe the concepts of SCM as follows; Li et al. (2006) described, SCM is a concept which its goal is to integrate both information and material flows seamlessly across the supply chain as an effective competitive weapon. They also stated that SCM applies to show the collaborative relationships of members of different echelons of the supply chain and refers to common and agreed practices performed jointly by two or more organizations. In addition, according to Arawati (2011) SCM includes managing supply and demand, sourcing raw materials and parts, manufacturing and assembly warehousing and inventory tracking, order entry and order management, distribution across all channels, and delivery to the customer.

Simchi and Kaminsky (2000) define supply chain management as "the integration of key business processes among a network of interdependent suppliers, manufacturers, distribution centers, and retailers in order to improve the flow of goods, services, and information from original suppliers to final customers, with the objectives of reducing system-wide costs while maintaining required service levels". The Council of Supply Chain Management Professionals defines SCM as: "SCM encompasses the planning and management of all activities involved in sourcing and procurement, conversion, and all logistics management activities, including coordination and collaboration with suppliers, intermediaries, third-party service providers, and customers" (CSCMP 2004). SCM has been defined to explicitly recognize the strategic nature of coordination between trading partners and to explain the dual purpose of SCM: to improve the

performance of an individual organization, and to improve the performance of the whole supply chain (Li *et al*., 2006).

The key elements of supply chain management from these definitions are therefore the upstream parties, the downstream parties and the integration of all the organizations involved, together with the internal function of an organization itself. The upstream parties, as being described by Handfield and Nichols (1999) consists of an organization's functions, processes and network of suppliers while the downstream function on the other hand concerns the distribution channels, processes and functions where the product passes through to the end customer. Where external downstream and upstream functions are concerned, the managers involved in each upstream and downstream supplier and functions are responsible in making sure that the deliveries of products and services are done as scheduled to their destinations. If there are cases where delays are inevitable, the managers are to ensure that the impact of the delays to the supply chain and the value it carries will be minimal.

Supply Chain Management, as the concept is now called, consists of the entire set of processes, procedure, the supporting institutions, and business practices that link buyers and sellers in a market place for effectively managing the flow of materials from suppliers to final customers. Many companies have successfully implemented supply chain concepts with spectacular results. Efficient supply chains management have enabled these firms to improve their performance (Bagchi & Larsen 2003).

The concept of SCM has received increasing attention from academicians, consultants, and business managers alike (Feldmann & Müller 2003). The concept of SCM has been considered from different points of view in different bodies of literature (Croom et al. 2000). Thus definitions of and approaches to SCM vary substantially from organization to organization because it is influenced by many different fields and researchers in the area of SCM. Though these definitions differ slightly in wording, all communicate the importance of integration, communication and coordination between functions and organizations that will create value for the customer.

2.3 Supply Chain Management Practices

SCM practices are defined as the set of activities undertaken by an organization to promote effective management of its supply chain (Koh et al. 2007). Such as the approaches applied in integration, managing and coordination of supply, demand and relationships in order to satisfy clients in an effective way, as tangible activities/technologies that have a relevant role in the collaboration of a focal firm with its suppliers and/or clients and as the approach to involve suppliers in decision making, encouraging information sharing and looking for new ways to integrate upstream activities. As a consequence, it involves developing customer contacts by customer feedback to integrate the downstream activities and delivering orders directly to customers (Chow et al. 2008).

In their empirical study Tan et al. (2002) identify six aspects of SCM practice through factor analysis: supply chain integration, information sharing, supply chain characteristics, customer service management, geographical proximity, and just in time capability. Alvarado and Kotzab (2001) include in their list of SCM practices concentration on core competencies, use of inter-organizational systems such as elimination of excess inventory levels by postponing customization toward the end of the supply chain. Min and Mentzer (2004) identify the practices of SCM as including agreed vision and goals, information sharing, risk and award sharing, cooperation, process integration, long-term relationship and agreed supply chain leadership.

The members of the Global Supply Chain Forum (GSCF 2009) have developed the following eight supply chain management practices as discussed below:

- **Customer relationship management** – provides the firm's face to the customer, including management of Product and Service Agreements (PSAs), and provides a single source of customer information (GSCF 2009).
- **Supplier relationship management** – provides the structure for how relationships with suppliers are developed and maintained, including the establishment of PSAs between the firm and its suppliers (GSCF 2009).

●**Customer service management**- provides the firm's face to the customer, including management of the PSAs, and provides a single source of customer information (GSCF 2009).

●**Demand management**- provides the structure for balancing the customers' requirements with the capabilities of the supply chain (GSCF 2009).

● **Order fulfillment**- includes all activities necessary to define customer requirements, design the logistics network, and fill customer orders (GSCF 2009).

● **Manufacturing flow management**- includes all activities necessary to move products through the plants and to obtain, implement, and manage manufacturing flexibility in the supply chain (GSCF 2009).

● **Product development and commercialization** – provides the structure for developing and bringing to market new products jointly with customers and suppliers (GSCF 2009).

● **Returns management**- includes all activities related to returns, reverse logistics, gate keeping, and avoidance (GSCF 2009).

Arawati (2011) identify four SCM practices as its encompasses: Strategic Supplier Partnership, Lean Production, Postponement Concept and New Technology and Innovation. The four SCM practices are discussed below:

●**Strategic Supplier Partnership** is developing trust and collaboration among supply chain partners as well as customers (Arawati 2011)

●**Lean Production** is associated with continuous pursuit of improving the processes, a philosophy of eliminating all non-value adding activities and reducing waste within an organization (Arawati 2011).

●**Postponement Concept** involves the process of delaying final product configuration until the actual order requirement is specified by the customer. Keeping products in semi-finished would allow more flexibility and customization in completing the final products and also enables a company to respond more quickly to market demand (Arawati 2011).

●**New Technology and Innovation** refers to the application of the latest scientific or engineering discoveries to the design of operations and production processes in SCM (Arawati 2011).

Different perspectives of Supply Chain Management practices are investigated by different researchers. However, they have one thing in common, which is all of the perspectives suggest a multi-dimensionality of SCM that covers set of activities and processes from firms internal operations to upstream and downstream sides of SC to achieve the ultimate common goal of improving performance of partners in the supply chain. In line with this, regarding the length of the survey this study presents the following four SCM practices in detail as follows:

2.3.1 Supplier Relationship Management (SRM)

The Global Supply Chain Forum (GSCF), a group of non-competing firms and a team of academic researchers, defines supplier relationship management as the supply chain management practice that provides the structure for how relationships with suppliers are developed and maintained. The supplier relationship management practice is managed by a team with members from other functions as well as representatives from other companies in the supply chain. In other words, management activities in the supplier relationship management practice are coordinated with inputs from purchasing operations, logistics, finance, Research and Development (R&D), sales, and marketing functions. Through the cross functional coordination, information from both the suppliers and customers are provided to the supplier relationship management activities.

A huge amount of money that spent for purchase of materials has a significant opportunity for companies to realize cost savings through better management of their supplier network. As part of the supplier relationship management practice, close relationships are developed with a small set of key suppliers based on the value that they provide to the organization over time, and more traditional relationships are maintained with the others (Dyer, Dong & Wu 1998). Management identifies those suppliers and supplier groups to be targeted as part of the firm's business mission. Supplier relationship management teams work with key suppliers to tailor product and service agreements (PSA) to meet the organization's needs, as well as those of the selected suppliers. Standard PSAs are crafted for segments of other suppliers. Supplier relationship management is about developing and managing the PSAs. Teams work with key suppliers to improve processes, and eliminate demand variability and non-value added activities. The goal is

to develop PSAs that address the major business drivers of both the organization and the supplier. Performance reports are designed to measure the profit impact of individual suppliers as well as the firm's impact on the profitability of suppliers (Lambert 2005).

Supplier partnership emphasizes direct relationship and long-term and encourages mutual planning and efforts to resolve problem. Supplier and organizations can work together more closely and eliminate useless time and effort. Effective partnerships with suppliers can be critical factor to guide supply chain management (Li *et.al.* 2006). Sandikiglu and zehir (2010) also stated that in supplier partnership, suppliers play more direct role in an organization's quality performance. Through close bonded relationships, supply chain partners are more willing to share risks and reward and be able to maintain the relationship over a longer period of time. The relationship is designed to leverage the strategic and operational capabilities of individual participating organizations to help them achieve significant ongoing benefits. Such partnerships are entered into to promote shared benefits among the parties and ongoing participation in one or more key strategic areas such as core raw materials, technology, products and markets.

Intensifying competition in the manufacturing sector has raised the importance of fostering enterprise customers' relationship intention and nurture enduring relationships. Enterprise customers with high relationship intention are more profitable because they are more familiar with a supplier's processes and often willing to tell others about their positive experience with the supplier. In addition, supplier involvement in product development allows firms to make better use of their suppliers' capabilities and technology to deliver competitive products. Managing relationship with suppliers is important for a successful supply chain. As Companies have started to limit the number of suppliers with whom they do business by implementing vendor review programs, buyers use these programs to find suppliers with operational excellence (Tai 2010). Managing relationship with suppliers enable organizations to work more effectively with a few important suppliers who are willing to share responsibility for the success of the products. Suppliers participating early in the product-design process can offer more cost effective design choices, help select the best components and technologies, and help in design assessment (Tan *et al.* 2002).

2.3.2 Customer Relationship Management (CRM)

According to Tan et al. (2002) customer relationship management encompasses the entire array of practices that are employed for the purpose of managing customer complaints, building long-term relationships with customers, and improving customer satisfaction. As pointed out by Day (2000) devoted relationships are the most sustainable advantage because of their essential barriers to competition. Focusing and maintaining the customer relationship will enable the organizations to be more responsive towards customers' needs and will result creating greater customer loyalty, repeat purchase and willing to pay premium prices for high quality product (Carr & Pearson 1999). Besides, the main goals of SCM are customer satisfaction and their loyalty. The growth of mass customization and personalized service is leading to an era in which relationship management with customers is becoming crucial for corporate survival. Good relationships with supply chain members, including customers, are needed for successful implementation of SCM programs (Moberg et al. 2002).

Close customer relationship allows an organization to differentiate its product from competitors, sustain customer loyalty, and dramatically extend the value it provides to its customers. As discussed in Niknia (2007) the main customer relationship goals are identifying new business opportunities, reduce missed opportunities, reducing customer defection, creating customer loyalty, improve customer service, managing customer complaints and working on improving customer satisfaction, improve organization appearance, reduce costs, and increase revenue. The ability to serve customers with higher levels of service, including faster delivery of products, is an important concept that results in partnering. Having a close relationship with a customer results in common trust and enables firms to achieve the desired customer service levels. Even though the advantage of building strong relationship with customers are inevitable, customer relationship management is often not regarded as important business factor yet. Companies tend to excel in cost efficient supply management and manufacturing processes rather than responding to customer needs quicker and better. In addition, close customer relationship allows companies to be more responsive in fulfilling customers' demand and improving customer satisfaction by proactively seeking customers' needs and requirement.

Tan et al. (2002) defined customer relationship management as, demand management practices through long-term customer relationship, satisfaction improvement, and complaint management. The fundamental aspect of customer relationship is the focus on key customers to understand their needs and requirements and to satisfy them. Customer relationship management includes different activities and practices such as integrated problem-solving initiatives, direct customer contacts, managing customer complaints, increasing customer satisfaction, and establishing long-range relations with customers. Customer relationship management is expected to yield different benefits to organizations. Such benefits include the ability to differentiate products from competitors, increased market share and retention of profitable customers, improved customer loyalty, quickly resolving potential problems, shared knowledge and expertise concerning new technologies, deep understanding of customer needs, and rapid responses to customers.

The phenomena of managing relationships with customers are unanimously recognized as an essential component to an organization and have become increasingly popular amongst academicians and practitioners in a wide variety of academic fields and industries (Lambert 2005). This area of study is most often referred to as CRM. Although, the management of customer relationships is widely recognized as an essential component of an organization because of the expected benefits likely to occur if done well and the likely detriments to arise if neglected, the determination of what exactly constitutes CRM and its implementation remains to be a prominent point of contention in CRM literature and in practice has proven to be nothing short of extreme (Lambert 2005). He further suggests that technology is a tool and to be successful, management must place its primary focus on the CRM process, the people and the procedures that make the technology effective. This is not to say that technology doesn't play a role in CRM or can't assist in its success. Actually, it had been observed that all customers do not contribute equally to the firm's success; hence the goal of every firm is to identify those customers who desire and deserve special treatment so that offerings can be tailored to meet their needs while achieving the firm's profit goals for the customer.

2.3.3 Information Sharing Practice (ISP)

Information sharing refers to ability of enterprises to share knowledge and information with supply chain partners with effective and efficient manner. Information sharing in interactive system of supply chain includes information between direct partners and all network of supply chain. For effective and efficient use by partners is needed sharing information. The level of information sharing is closely linked with accountability and efficiency (Rahmanseresht & Afsar 2008).

Information sharing is an important aspect in achieving seamless integration in a supply chain. Cross functional integration and inter organizational integration requires the visibility of information across the supply chain. Information is crucial and drives the entire supply chain system. Spekman, Kamauff and Myhr (1998) considered that, there is a reluctance to share key information among partners; many of these fears subside if partners share similar values and a common vision. Such information sharing heightens the alignment between partners such that effective supply chains share learning among partners rather than worry about knowledge expropriation. Information sharing is necessary to reduce uncertainty and lower inventory levels. Many manufacturing organizations stressed that the willingness to share information must extend within the firm and across the supply chain (suppliers and buyers). Communication within the company is important to decide who the customer is and what the company's goals are and to make sure that these two match. In addition they try to suggest which information to be shared such as: Communicating the following types of information is essential for a successful relationship: product development (new products and improvements), costs, demand schedules (including point of sale data), material quantities, and production schedules. It is also crucial to get information about end-use consumers back through the supply chain to manufacturers. Poor information sharing between partners in a supply chain will result in poor coordination that will lead to many serious problems such as, high inventory levels, in accurate forecast, low utilization and high production costs (Lee & Whang 2000).

Furthermore, Alireza et al. (2011) stated integration and coordination across supply chain can be well provided through information sharing. Supply chain partners who exchange information regularly are able to work as a single entity. Together, they can understand the needs of the end customer better and hence can respond to market change quicker. Effective use of relevant and timely information by all the functional elements in the supply chain is considered as a

competitive factor and distinctive. Failures can occur in case of information delays, shortage or distortion across the supply chain (Power 2005). Sharing promotional information between retailers and manufacturers can be particularly useful. Promotional activity can create disruptions in the supply chain. A retail-level promotion may artificially increase demand for a temporary period. Without shared information on the promotion, the manufacturer may be unprepared. The retailer may not have sufficient stock to support the demand induced by the promotion. Sharing information upstream early in a selling season better positions the manufacturer to support the retailer while avoiding costly stocking errors. Mentzer et al. (2001) stated that, one of the most important aspects of an integrated behavior is also mutually sharing of information among members of the supply chain. This is particularly valuable for the planning and monitoring process. Open sharing of information such as inventory levels, forecasts, sales promotion strategies, marketing strategies, reduces uncertainty and increases performance. It is also argued that information sharing is highly considered as the way to reduce demand uncertainty.

According to Fawcett et al. (2007) there are two distinct dimensions to information sharing: connectivity and willingness. Both dimensions are found to impact organizational performance and to be critical to the development of a real information sharing capability. Connectivity creates the capability to share information. However, people make the decisions regarding what will be shared and when. The old saying, "information is power" holds true in today's business world. As a result, many individuals are unwilling to share information that they perceive may place their organizations at a competitive disadvantage. A company's willingness to share information that is its openness to sharing relevant information honestly and frequently which ultimately determines the extent of sharing that takes place. They also argued that, lack of willingness kept managers from obtaining the information they needed to make more collaborative SC decisions. Fawcett et al. (2007) finally concluded that, viewed as power, information is tightly controlled, especially in the absence of trusting relationships. This reality not only impedes Supply Chain collaboration but also makes the implementation of advanced information systems more difficult.

Information sharing seems to be a voluntary activity and largely independent from external and technical conditions. If a firm wishes to share information with others, it has to be aware that its trading partners will only agree if they are internally predestinated for it and if they sure to

benefit from it. This implies that a firm may put much effort on convincing its trading partners to share information. As Tai (2010) clearly point out that, firms are ready to share information if they are sure that they will benefit from this decision. If the benefits of information sharing, as shown by numerous mathematical simulations, can be clearly communicated to practice and if first-movers can demonstrate the benefits of their information sharing activities, other firms will be likely to start information sharing.

Regarding the information sharing/communication the most commonly used practices are the timely feedback of supplier's mistakes, supplier's knowledge of its product specifications and supplier's knowledge of its product use in buyer's final product. The least commonly used practice in this category, with a long distance from all others, is the use of electronic data interchange with the supplier. These results reveal buyer's positive attitude towards supplier quality awareness and a somewhat initial, but very important, implementation of open communication with suppliers (Tai 2010). Providing customers with valuable information sharing services represents a means of building relationships that can be leveraged to foster customer commitment toward the information service provider, and this relationship commitment can serve as the foundation for increased customer loyalty intention. As he recommended, information sharing not only can be used to support supply chain activities i.e., facilitating supply chain management, but also can be used to support marketing activities i.e., enhancing customer relationships (Tai 2010).

2.3.4 Information Technology Adoption Practice (ITAP)

The advent of the internet and electronic communication has enabled companies to be more responsive to their customers than ever before. Sanchez and Peres (2003) assert that rich experience of firms with electronic resource planning (ERP) tend to deliver higher benefits while the electronic data interchange (EDI) adopter perceive more operational benefits, more external pressures and mutual understanding, and fewer technical and organizational difficulties than non-adopters of EDI. Adoption of information technology practices such as vendor-managed inventory (VMI) give manufacturers more accurate information than before e.g. customer sales data. Smaros et al. (2004), used discrete – event simulation to examine how a manufacturer can combine traditional order data available from VMI customers in its production and inventory

control and what impact this has on the manufacturer's operational control. They found that even for products with stable demand, a partial improvement of demand visibility can improve production and inventory control efficiency. The value of product visibility greatly depends on the target products' replenishment schedule and the planning cycle employed by the manufacturer.

Cook et al. (2009) find out that, the effect of internet on SCM has been recognized as an important topic of research with information flows, e-procurement and e-fulfillment being the main areas of research. Therefore, it is important to analyze this factor's unique role as a supply chain practice in affecting organizational performance. Furthermore, Cook et al. (2009) argued that Information sharing with supply chain partners has been an area of focus in SCM research primarily due to the perceived benefits of enhanced coordination to operational issues such as inventory, forecasting, orders and production plan issues. Although some managers acknowledged the desirability of efficient information transfer among supply chain partners, and there are notable examples of information systems integration at selected interfaces, the initiatives required to integrate information systems of all supply chain partners are not yet discernible. Some managers remain unconvinced about the true value of such links and providing remote access to sensitive business information to suppliers and customers (Bagchi & Larsen 2003).

According to Basnet et al. (2000) SCM requires quick movement of materials and information and close communication. Even though the flow of information and communications can be greatly speeded through the latest telecommunication technologies, the delay in sharing of information is going to continue to be a barrier to SCM. There are also barriers to information sharing. The major barrier for Fawcett et al. (2007) is found in systems incompatibility. It is not unheard of for a company to receive customer orders through EDI only to end up manually reentering the information into its own systems. This happens because the systems do not talk to each other. Incompatibility is particularly painful among companies involved in mergers and acquisitions. The final barrier can be stated that, Managers do not understand the willingness dimension of information sharing. As a result, they do not invest in information technology.

Thus, it is not surprising that many managers are simply unwilling to share valued information (Fawcett et al. 2007).

Basnet et al. (2000) stated that, EDI is an essential IT tool and will become increasingly important, particularly for transmitting and verifying orders. Most of these companies require their suppliers to use EDI and will help them to implement the system. IT compatibility is essential to the success of this link. The largest obstacle to complete adoption of IT systems in a supply chain may be the incompatibility of systems. This is because companies use several different software packages, and these may not be compatible with those buyers and suppliers use. For example, one company has several computers dedicated to EDI linkages with buyers and suppliers. Some companies must have different computers for each customer because none of them are using the same systems. There is also very little thrust on information technology related activities. The newer concepts of supply chain integration, enabling SCM through Information Technology are not rated highly by many manufacturing firms (Basnet et al. 2000).

Fawcett et al. (2007) further claim that, some factors previously thought to have a significant influence on organizational performance may no longer be significant as a means to differentiate an organization from its competitors. Two factors, Internet and Supply Network are interesting to note in this regard. For example, it is now common for manufacturing organizations to use the Internet to conduct many types of business transactions. However, this application of technology does not appear to explain either operational or financial performance outcomes. Most managers credit new Information Technologies for propelling SCM to the forefront of strategic thinking and finally concluded with the dilemma, that they cop up with IT technology; the good news: companies are intently focused on upgrading their information-sharing capabilities. They view connective technologies as attractive and are actively investing in them. The bad news: companies struggle to implement and leverage technologies. Technology is too often viewed as the answer rather than as an enabler.

Bokor (2008) argued that, an effective demand management in SC requires the application of up-to- date Information Technologies corresponding to the criteria identified before. In addition, he strongly believed that, the best practice of SCM methods can be implemented in an effective way

only if a powerful IT background serving them can be put into operation. In addition, Bokor (2008) also try to elaborate the challenges encountered while implementing IT. Supply chains are facing several business challenges influencing the functional and technological configuration of IT systems. The most important of them is enhancing the response mechanism (to customer demand or environmental changes, etc.). It requires seamless integration of design, production, commercialization and forwarding. So the consolidation of diverse processes and systems is critical from the point of view of operational efficiency. Forming a robust IT strategy for supply chains and their participating partners may be a real solution to these challenges. A robust IT strategy determines the mix of applications that best serve the information needs as there is no one single solution that would fit all organizations. Based on robust strategies so called service oriented IT architectures (SOA) are preferred in case of today's supply chains. He also confirmed that another problem to be solved is information security. Shared data bases enable the SC partners to access each other's operational or even strategic information. It is necessary for planning and monitoring cross organizational logistics processes. Nevertheless such kind of open systems shall be equipped also by regulation mechanisms governing access rights. IT is a core element of the practical implementation of the management methodologies. Open information architectures seem the most suitable to response the functional requirements set by SC operators. Finally Bokor (2008) concluded that, more advanced forms of information sharing and communication, such as the use of many inter-firm contacts and data interchange via modern information technologies, such as EDI, are more important but very limited.

2.4 Organizational Performance (OP)

There have been various definitions of organizational performance, with some studies emphasizing operational measures, while others stressing financial measures. Many studies have selected a combination of pertinent operational and financial measures to reflect overall organizational performance. Griffin (2010) described organizational performance, as the extent to which the organization is able to meet the needs of its stakeholders and its own needs for survival. Organizational performance is the valued productive output of a system in the form of goods or services. Organizational performance can be subdivided into three categories: financial performance (profit), internal non-financial performance (productivity) and external non-

financial performance (customer satisfaction). Private sector organizations strive for good financial results whereas public organizations are aimed at non-financial results like delivering good public services to citizens (Griffin 2010).

For Li *et al. (*2006), organizational performance refers to how well an organization achieves its market oriented goals as well as its financial goals. Financial metrics have served as a tool for comparing organizations and evaluating an organization's behavior over time. Any organizational initiative, including supply chain management, should ultimately lead to enhanced organizational performance. A number of prior studies have measured organizational performance using both financial and market criteria, including return on investment (ROI), market share, profit margin on sales, the growth of ROI, the growth of sales, the growth of market share, and overall competitive position (Li *et al.* 2006).

Regarding the classification of organizational performance, several researchers have suggested their perspectives on the classification of organizational performance, but there is little consensus about this issue. The short-term objectives of SCM are primarily to increase productivity and reduce inventory and cycle time, while long-term objectives are to increase market share and profits for all members of the supply chain (Tan et al. 2002). Li et al. (2006), propose that any organizational initiative, including supply chain management, should ultimately lead to enhanced organizational performance.

There are a number of indicators by which organizational performance may be judged; the balanced scorecard offers both qualitative and quantitative measures that acknowledge the expectations of different stakeholders and related assessment of performance in choice of strategy. Hubbard (2009) proposed the Sustainable Balanced Scorecard (SBSC) conceptual framework as an appropriate measure of organizational performance. SBSC includes social and environmental issues in the existing Balanced Scorecard (BSC) by integrating the Triple Bottom Line. In the SBSC framework, the Triple Bottom Line refers to a broader perspective of the stakeholders, and the BSC performance measurement incorporates financial, customer/market, short-term efficiency, and long term learning and development factors as internal processes of the performance measurement.

Davis and Pett (2002) have advocated dimensions of both efficiency and effectiveness for measuring organizational performance. In this case, efficient means to minimize resource use to accomplish specific outcomes; and effective in terms of designing distribution channels. Efficiency is measured by delivery performance, product quality, backorders and inventory level, where as effectiveness is measured by service quality and service needs. Long term competitiveness therefore depends on how well the company meets the customer preferences in terms of service, cost, quality and flexibility. Furthermore, they proposed a typology of performance consisting of organizational efficiency and effectiveness and provided indicators of both dimensions. The measures of organizational efficiency include after-tax return on total sales and return on total assets. As for organizational effectiveness, the firm's total sales growth and total employment growth are considered. Organizations can acquire higher return when concepts of efficiency and effectiveness are concentrated.

2.5 Empirical Literature Review

Much of the current empirical research in SCM focuses on only the upstream or downstream side of the supply chain, or certain aspects/perspectives of SCM (Shah *et al*. 2002). However, there are certain previous researchers have devoted deal of attention to the effect of supply chain management practices and certain aspects of overall organizational performance from different perspective. Some of these researches findings are discussed as follow:

Moslem et al. (2013), conducted research on impact of supply chain management practices on performance of manufacturing companies of Khuzestan province (Iran) by using strategic partnerships with supplier, customer relationship, information sharing, quality of information sharing and internal lean practices as independent variables affecting the organizational performance. The result from this study was indicates as there is a positive relationships between SCM practices and organizational performance. On the research topic Supply Chain Management practices and its influence on Organizational Performance conducted by Priscila and Luiz (2011), SCM practices were considered as consists of information sharing, long term relations, cooperation and process integration as independent variables influences organizational

performance in case of Brazilian companies. The empirical results of this study provided evidence of a positive effect of SCM practices on organizational performance.

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

Tan et al. (2002) reinforced that, while information sharing enhances a firm's performance, the lack of information capability adversely affected the overall firm's performance. Once again, this is consistent with the overall product quality model. Advanced Information Technology is needed to support an efficient SCM network for proper information exchange and provide useful data required for integrated performance of procurement operations, logistics, and manufacturing supports. The analysis made by Sohal, Lazarevich and Bahaqi (2007) reveals that companies' effectiveness in meeting customers' requirements was significantly differentiated by SCM practice such as: level of information sharing and supplier and customer relationship. Understanding customers' demand enables companies to segment their customers to be able to deliver highly customized products or services. Accordingly, translating customers' requirements in to production and services requires companies to work closely with their partners both upstream and downstream along their supply chain.

Sweeney, Wagner and Huber (2008) suggested that, even though, the adoption of SCM practice in many developing countries are not very high, those firms who have made some progress in SCM practices have benefited from SCM in regard to their performance. SCM practice offers organizations the approach to enhance their performance and maintain their competitiveness in the global/world market. The approach has also been inspired the organizations to improve their quality control, preserving quality product, enhancing industrial networks and customer satisfaction. Hence, one of the key factors in increasing quality performance to a world-class standard is through SCM practices perhaps. Chow et al. (2008) find out that, effective SCM

practice would enable enterprises to improve their performance significantly. Supply Chain competence has positive influence on organizational performance. Managers need to focus attention on developing such competencies.

A company's customer relations practices can affect its success in managing the supply base as well as its performance. A key element of successful supply base management involves downstream integration of customers as well as the management of upstream suppliers. Each entity in the supply chain is a supplier as well as a customer. When a customer driven corporate vision is implemented simultaneously with effective Total Quality Management (TQM) and supply base management practices, it can produce a competitive edge in a number of different ways. These include increases in productivity, reductions in inventory and cycle time, increased customer satisfaction, market share and profits (Green et al. 2008).

Adoption of IT, Customer and Supplier Relationship and Information Sharing significantly influenced organizational performance. According to Sohal et al. (2007) to achieve higher inventory turnover companies need to improve their internal efficiency through elimination of non-value added activities and excessive inventories. This can be achieved by effectively implementing IT in all operational activities. In addition, companies also need to go beyond their internal operations to work closely with their external counterparts both upstream and downstream in their supply chain. Close coordination amongst members of the supply chain is facilitated by high level of information sharing. Information Sharing helps companies to cut lead-time by increasing their forecast accuracy, efficient flow of information throughout the supply chain and improve the effectiveness of the management of inventory and production planning process. Information sharing is highly enabled by IT that also influence lead-time through better order processing. Supplier and customer relation- which is facilitated by IT and information sharing enable better supply chain coordination which in turn leads to reduced variability including lead-time. Information sharing results in cost reduction through reduced manufacturing cost, logistics cost and inventory costs (Sohal et al. 2007).

Tan *et al.* (2002) attempted to link certain supply chain management practices with firm performance. In particular, they examined the effects of quality SCM and customer relations

practices on firm financial performance. They found that, SCM practice have a significant impact on firm growth. The significance of supply chain management practices highlight the need for companies to actively manage their supply chain to maximize their performance. As Mentzer et al. (2001) said, a supply chain will exist whether a firm actively manages it or not.

Supply Chain Management Practices, Product Quality and Business Performance in case of Malaysian manufacturing companies conducted by Arawati (2011) demonstrates that SCM practices namely lean production, new technology and innovation, supplier partnership' and postponement concept appear to be of primary importance and exhibit significant effects on product quality and business performance. Mahbubul (2013) conducted research on Effects of Supply Chain Management Practices on Customer Satisfaction in the pharmaceutical industry of Bangladesh. The results of the study indicate that SCM practices as observed in the industry comprise two dimensions, namely, collaboration and information sharing, logistics design and IT infrastructure. Both exert their impact on customer satisfaction.

As Wu et al. (2011) reported that, there is a positive relationship between information sharing and organizational performance. Results showed that, enterprises usually use information technologies to enhance information sharing with upstream and downstream firms. Through in-depth and extensive information sharing, they can effectively increase return on investment, inventory turnover rate, and profits. Moreover, information sharing also facilitates external transactions, so that information circulation efficiency between partners in the supply chain can be boosted. They also find out the relationship between information sharing and partnership. As the result shows, there is a positive relationship between information sharing and partner relationship management. Moreover, through high-efficiency information sharing, a closer partner relationship can be developed. Such tie will increase both parties' intention to engage in long-term cooperation on supporting each other and resource integration. In the current industries, supply chains are no longer controlled by a single organization. Enterprises need to be focused on their special areas and resources and outsource tasks not covered by their core competence to their partners. All parties of a partnership can thus make use of and maximize their advantages. If enterprises can collaborate and set up a close relationship with partners in the supply chain, they can certainly enhance the overall performance of the supply chain. As Agus

and Noor (2007) recommended that, whatever the measure applied in organizational performance, superior adoption in SCM practice does have an impact on organizational performances. The findings show that SCM practice is positively related to organizational performance.

To sum up, from the above literature reviews it can be easily understandable that the study on supply chain management practices and its effect on organization performance and overall supply chain partners increasing and yields good result. SCM practices have a positive effect or generally affect the level of organizational performance.

2.6 Conceptual Framework

Reichel and Ramey, (1987) described a conceptual framework as, a set of broad ideas and principles taken from relevant fields of enquiry and used to structure a subsequent presentation when clearly articulated. A conceptual framework has potential usefulness as a tool to scaffold research and therefore, to assist a researcher to make meaning of subsequent findings. Such a framework should be intended as a starting point for reflection about the research and its context. The framework is a research tool intended to assist a researcher to develop awareness and understanding of the situation under scrutiny and to communicate soundly.

Based on overall review of related literature and particularly the work of Li *et al*. (2006), the following conceptual framework by which this specific study governed was developed. The framework proposed the effect of SCM practices on organizational performance. SCM practice was conceptualized as a four dimensional construct. The four dimensions were supplier relationship management, customer relationship management, information sharing Practice and IT adoption practice. Organizational performance measures would be limited to widely accepted financial and market measures such as: return on investment, market share, the growth of market share, the growth of sales, growth in return on investment, profit margin on sales and overall competitive position. The schematic diagram below not only guides the study but also shows the interrelationship among the key variables in the study as illustrated in Fig.2.1.

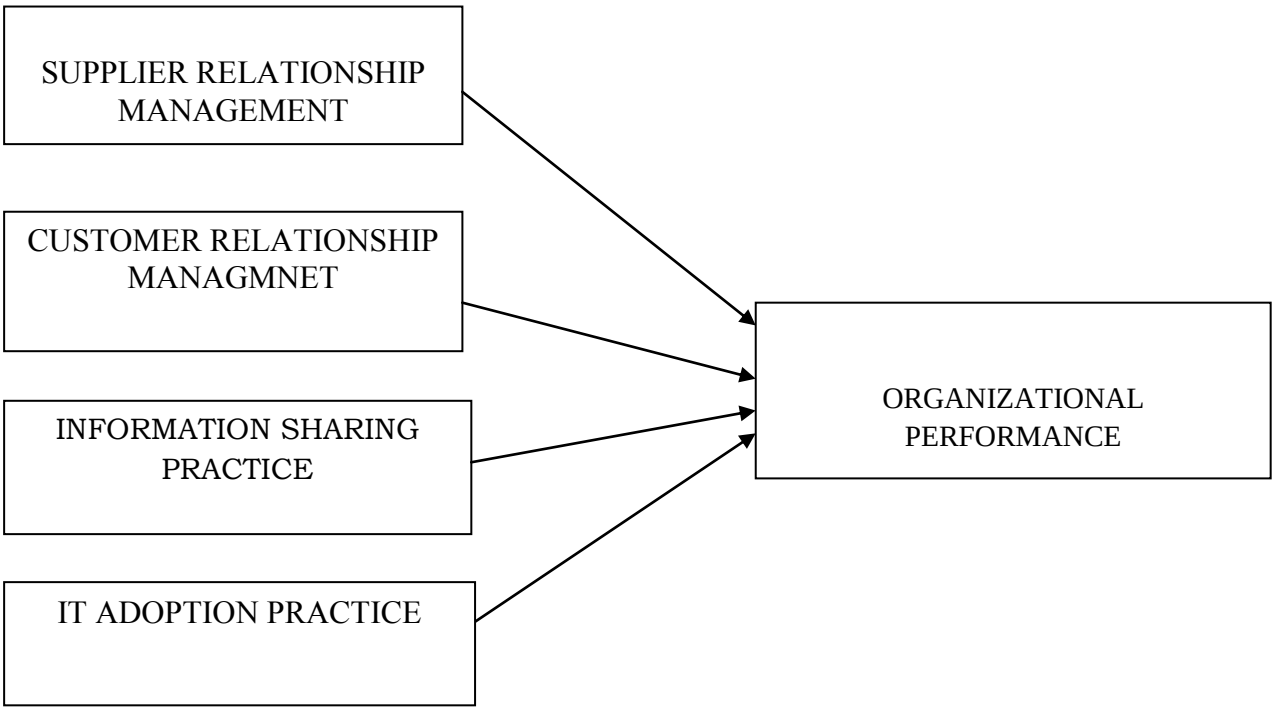


Fig.2.1 Conceptual framework for the study, adopted and modified from Li *et al.* (2006)

The four constructs cover the relationship with upstream sides of a supply chain (supplier relationship management) and downstream sides of a supply chain (customer relationship management), information flow across a supply chain (information sharing and IT adoption practice). It should be pointed out that even though the above dimensions capture the major aspects of SCM practice, they cannot be considered complete. Other factors are not included due to the concerns regarding the scope of the study and the parsimony of measurement instruments.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research methodology that was used for the study: description of the study area, the choice of particular research approach and design, unite of analysis, population and sample size, sampling techniques**,** source and type of data, measurement and instrument, data collection procedure, ethical consideration, data analysis techniques and finally validity and reliability test will be present.

3.2 Description of the study area

In this study, the effect of SCM Management Practice on Organizational Performance was conducted in Addis Ababa, Ethiopia particular reference to one of leather footwear manufacturing company called Anbessa Shoe Share Company (ASSC). ASSC is recognized as a pioneer in modern shoe manufacturing in Ethiopia and is well-regarded brand. It is equipped with modern machinery and employs relatively skilled labour. Its capacity has allowed the company to be a substantial exporter and has been generating substantial foreign exchange earnings.

3.3 Research Approach

This study employed a quantitative research approach since the data used in the study is quantitative in nature which is collected from primary sources. Quantitative research generates numerical data or information that can be converted into numbers .The questionnaire that asked respondents about their opinion towards the Effect of Supply Chain Management Practices on Organizational Performance, ranges on a five –point Likert-type response scale (1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree). This scaling method ensured that the research study illustrated the ability to assess the responses and measure the responses quantifiably. Beside, this approach is very cheap and easy, where budget is a problem, and gives an element of scale to opinion and emotion.

3.4 Research Design

In order to address the aforementioned objectives, the study involved a survey design. In the survey design independent and dependent variables can be measured at the same point in time by using a single questionnaire. This design is the most appropriate since it ensures that the data obtained from target representative population gives appropriate answers to the structured research questions. It also provides a quantitative or numeric description of trends, attitudes, or opinions. A survey research design is therefore involved for this study to determine the effect of SCM practices on organizational performance of ASSC.

Unit of Analysis

The unit of analysis is the major entity that is being analyzed in the study. It is the 'what' or 'who' that is being studied. In social science research, typical units of analysis include individuals (most common), groups, social organizations and social artifacts. Therefore, employees of ASSC particularly those who have knowledge of SCM were the basic observable entities being analyzed by the study for which data are collected in the form of variables.

3.5 Target Population, Sampling Technique and Sample Size

For this study, the target populations were permanent employees of Anbessa Shoe Share Company particularly those who have knowledge of supply chain management. These employees were considered appropriate as target population of the study area because, they are in the best position with the information needed to answer the research question of this study.

Sample Size

Due to time and financial limitations and the nature of the population, sample determination method developed by Carvalho (1984) was preferred for this study as a method to determine a sample size. The table below shows how Carvalho's Sample Size Determination is applied.

Table 3.1: Carvalho's Sample Size Determination

Population Size	Sample size Small	Medium	Large
51-90	5	13	20
91-150	8	20	32
151-280	13	32	50
281-500	20	50	80
501-1200	32	80	125
1201-3200	50	125	200
3201-10,000	80	200	315
10,001-35,000	125	315	500
35,001-150,000	200	500	800

Source: Carvalho (1984)

Having considered the employment data base of the case company, total number of permanent employees are 715 which were consider as the total target population. Therefore, based on Carvalho's Sample Size Determination of the above table, from the entire population of 715 the largest sample sizes of 125 employees were considered as sample size of the study.

Sampling Techniques

A probability sampling particularly stratified sampling technique was employed for the study. The target population for the study was classified into seven strata based on the departments in the company which is directly related with SC of the organization. Then the samples were selected randomly from each stratum according to their proportion to the entire population. It would make sense to stratify by department since the information required for the study needs different people who have knowledge and awareness about different supply chain management practices and organizational performance of the company. The reasons to use stratified sampling was it gives guarantees representation of each strata, regardless of strata size. This technique was useful in such researches because it ensured the presence of the key subgroup within the sample. Beside, measurements become more manageable and/or cheaper when the population is grouped

into strata. It is also often desirable to have estimates of population parameters for groups within the population that can produce a smaller error in estimation for the same total size of sample (*Särndal & Carl 2003).* The departments or the strata are considered as sample frame which includes: Finance Department, Market Department (Local & Foreign), Human resource Department, Research & Development, Supplies Department, Production & Quality Control Department and Techniques Department. The following table shows how sample size would be determined from each department (stratum) according to their proportion to the total target population.

Table 3.2: Sample Size Determination for the study

No.	Departments (strata)	Total pon. of each stratum	Sample size of each stratum
1	Market Dept.	135	23
2	Finance Dept.	25	5
3	HR Dept.	47	8
4	R & D Dept.	14	3
5	Supplies Dept.	21	4
6	Production & Quality Control Dept.	460	80
7	Technique Dept	13	2
	TOTAL	**715**	**125**

Source: Research result, (2017)

3.6 Data source and Type

Primary data was used for the entire analysis of this study. The information was gathered through questionnaire from the selected sample of respondents/ employees of ASSC. Biggam (2008) asserted that primary data is the information that the researcher finds out by him/herself regarding a specific topic. This type of data can be collected with the research's purpose in

mind. This implies that the information resulting from the study is more consistent with the research questions and objectives.

3.7 Measurement and Instrument

As it mentioned earlier, the study involved a survey design. Concerning to instrumentation, the type of survey used for the purpose of this study was a close-ended questionnaire. The use of close-ended questions on the questionnaire allowed for uniformity of responses to questions. Beside, this type of structured research instruments is less costly and less time consuming than other measuring instruments. On the other hand, concerning the span of time used to conduct the survey, a cross-sectional survey type was employed for the study. The defining feature of a cross-sectional study is that it can compare different population groups at a single point in time using a single questionnaire. Therefore, the use of cross-sectional survey allowed study to compare many different variables at the same time.

A questionnaire for the study (see Appendix) was designed for the purpose of eliciting relevant information on the study under title "Employees' Perspectives on The Effect of Supply Chain Management Practices on Organizational Performance: for the case of Anbessa Shoe Share Company".

The questionnaire has two parts:

Part One: Socio-demographic Information.

Part Two: Items on supply chain management practices and has got five sections as follows:

- ►Section I: Supplier Relationship Management (SRM). It has 10 items.
- ►Section II: Customer Relationship Management (CRM). It has 8 items.
- ►Section III: Information Sharing Practice (ISP). It has 6 items.
- ►Section IV: Information Technology Adoption Practice (ITAP). It has 6 items.
- ►Section V: Organizational Performance (OP). It has 7 items.

The questionnaire that used to collect the necessary information regarding the study was adopted from the work of Li et al. (2006). The range of responses for questionnaires were on a five –point Likert-type response scale (1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree). Subjects were then instructed to respond to the degree of agreement with the statements contained in the instrument. This scaling method ensured that the research study illustrated the ability to assess the responses and measure the responses quantifiably.

3.8 Data Collection Procedure

Questionnaires were distributed to sampled respondents that would be representatives of the target population. This would be done in a manner of being free from any bias since the information required for the study needs different people who have knowledge and awareness about different supply chain management practices and organizational performance of the company. The questionnaires were administered to the respondent personally to shorten the response time and enable on the spot clarification of any doubts that the respondents might have regarding any questions. This gave a chance to introduce the topic and motivate respondents to give their honest contribution. However for respondents who have time constraints, the questionnaire were administered through drop and pick later method so that the respondents filled the questionnaire at their convenient time. Beside, during data collection respondents were informed to be assured that the information would be treated with the strict confidence thereby they would provide genuine, frank and timely response which was vital for fruitfulness of the study.

3.9 Ethical Consideration

Leedy and Ormrod (2010) asserted that the ethical issues that need to be considered in the process of undertaking a research are informed consent, right to privacy and honesty with professional colleagues.

Accordingly, this study:

►Requested the consent of respondents and could participate only on a voluntary basis.

►Respected the respondents right to privacy.

►Report the findings in a complete and honest fashion.

3.10 Method of Data Analysis

The gathered data from questionnaires were analyzed using descriptive analytical technique with the help of Statistical Package for Social Sciences (SPSS version 20). To achieve objective number one, a descriptive statistics (table, graph, frequency, percentage, mean and standard deviation) were used to determine the extent of adoption of the SCM practices. To achieve objective number two, Pearson correlations were used to test the relationships proposed in the framework. To achieve objective number three, the gathered data were analyzed using the regression analysis to show the effect of independent variables on dependent variable. The dependent variable in this study was organizational performance. On the other hand, the independent variables for the study were Supplier relationship Management, Customer Relationship Management, Information Sharing Practice, and IT Adoption Practice.

The regression equation assumed the following form:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

Where Y = Organizational performance

β_0 = Constant or the Y intercept

x_1 = Supplier Relationship Management

x_2 = Customer Relationship Management

x_3 = Information Sharing Practice

x_4 = IT Adoption Practice

$\beta 1$, β_2, $\beta 3$, $\beta 4$ are regression coefficient of respective variables

ϵ is the error term

3.11 Validity and Reliability Test

Validity Test

To ascertain the degree to which the data collection instruments measure what it is supposed to measure, the study addressed content validity through the review of literature and Instruments that measure supply chain management practices and organizational performance was adopted from Li et al. (2006). The items for these instruments are listed in Appendix I.

Reliability Test

Reliability analysis is concerned with the internal consistency of the research instrument. Cronbach's Alpha is the most commonly used measure of internal consistency/reliability when the study has Likert questions in questionnaires that form a scale and wish to determine if the scale is reliable. The internal consistency/reliabilities of SCM practices and organizational performance were assessed with Cronbach's Alpha and the reliability values for all constructs are confirmed as greater than 0.7, which are considered acceptable (Nunnally, 1978). The following table shows the summary of reliabilities of all constructs.

Table 3.3: Reliability of SCM Practices and Organizational Performance

Variables	**Reliability**
Supply chain Management Practices	
-Supplier Relationship Management (SRM)	.804
-Customer Relationship Management (CRM)	.823
-Information Sharing Practice (ISP)	.831
- Information Technology Adoption Practice (ITAP)	.792
Organizational Performance	.781

Source: Research data (2017)

CHAPTER FOUR

ANALYSIS, INTERPRETATION AND DISCUSSION OF RESULTS

4.1 Introduction

This study attempted to examine the effect of supply chain management practices and organizational performance in case of Anbessa Shoe Share Company (ASSC). Therefore, the findings of the study are presented and discussed in this chapter. The questionnaire were developed in five scales ranging from five to one; where 5 represents Strongly agree, 4 agree, 3 Neutral, 2 disagree, and 1 strongly disagrees. Frequency proportions were used to determine the extent of adoption of SCM practices and organizational performance of ASSC. Pearson correlations were used to test the relationships proposed in the framework. In order to assess the effect of supply chain management practices on organizational performance, regression analysis were conducted for scale typed questionnaire. Once the respondents answered the questionnaire, data was then coded and analyzed using SPSS (version 20) statistical software.

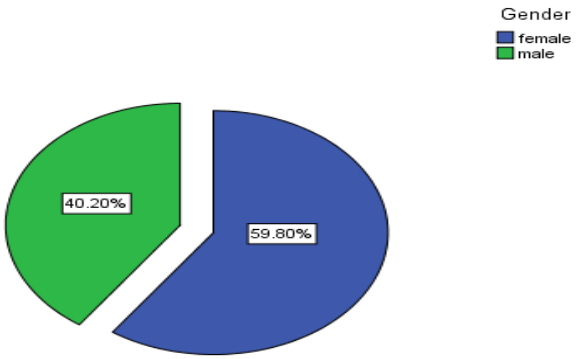
4.2 Response Rate

The study targeted 125 respondents in collecting data with regard to SCM practices and organizational performance. From the total of 125 questionnaires which were distributed to employees of ASSC, only 102 questionnaires were obtained valid and used for analysis and this makes a response rate of 81.6%. This percentage was considered sufficient for this study. The 18.4% who never returned the questionnaires cited busy schedules as the main reason for lacking time to fill the questionnaires.

4.3 Socio-demographic Information

4.3.1 Gender of Respondents

The study sought to find out the respondents gender. According to the analysis of the findings a majority (59.8%) were female as opposed to their male counterparts who accounted for 40.2% as depicted in Figure 4.1 below. Therefore the analysis of the findings reveals that most of respondents were female.

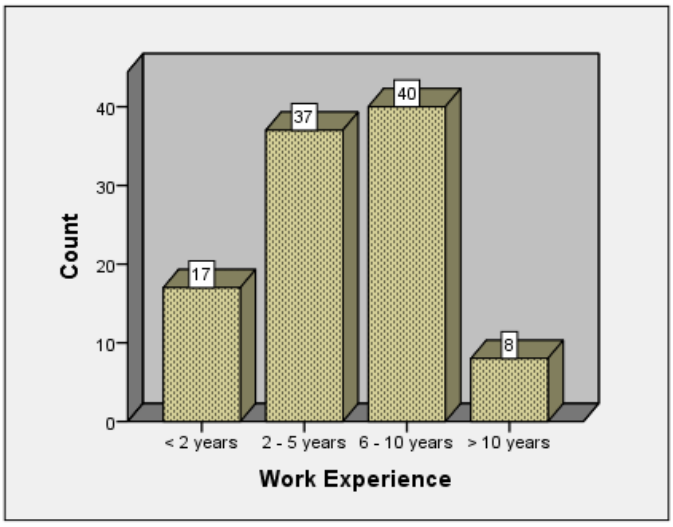


Source: Research data (2017)

Figure 4.1 Gender of Respondents

4.3.2 Years worked in the organization

The respondents were asked to indicate the duration they had served in the organization. The findings show that a majority (40%) indicated 6-10 years followed by 37% who indicated 2-5 years.



Source: Research data (2017)

Figure 4.2 Work Experiences of Respondents

4.4 Extent of SCM practices adopted by the Anbessa Shoe Share Company (ASSC)

4.4.1 Organization Practicing Supplier Relationship Management (SRM)

The study sought to know the respondents level of agreement with statements related to organization practicing SRM practices. The results are presented on table 4.1 below:

Table 4.1: Organization Practicing SRM practices

Supplier Relationship Management (SRM)	**Mean**	**Std Dev.**
Our company analyzes our suppliers before contracting them.	**3.99**	**.621**
Our company accepts and implements our supplier advice and suggestion regarding quality improvement.	**4.17**	**.509**
Our company considers quality as our number one criterion in selecting suppliers.	**4.20**	**.564**
Our company regularly solves problems jointly with our suppliers.	**4.02**	**.629**
Our company has been helping our suppliers to improve their product quality.	**4.14**	**.645**
Our company has continuous improvement programs that include our key suppliers.	**4.15**	**.709**
Our company actively involves our key suppliers in new product development processes.	**3.96**	**.744**
Our company determines SRM practice requirements by a cross functional team.	**3.96**	**.855**
Our company identifies key criteria for segmenting suppliers.	**4.06**	**.672**
Our company regularly measures our supplier's contributions to our profitability.	**4.16**	**.671**
TOTAL	**40.81**	**6.619**
AVERAGE	**4.08**	**0.662**

Source: Research data (2017)

The findings on SRM as a supply chain management practice was that considering quality as number one criterion in selecting suppliers were the major activities that respondents agreed as shown by a mean score of 4.20; accepting and implementing supplier's advice and suggestion regarding quality improvement had a mean score of 4.17; regularly measures supplier's

contributions to organization profitability had a mean score of 4.16. The average mean score was 4.08 which is closer to the mean score of identification key criteria for segmenting suppliers (mean score of 4.06). This would mean that an average of the respondents agreed on the SRM practice on the identification key criteria for segmenting suppliers.

4.4.2 Organization Practicing Customer Relationship Management (CRM)

The study sought to know the respondent level of agreement with statements related to organization practicing customer CRM. The results are presented on table 4.2 below:

Table 4.2: Organization Practicing CRM practices

Customer Relationship Management (CRM)	**Mean**	**Std Dev.**
Our company actively works on order delivery fulfillment requirements of the major customers.	**4.34**	**.637**
Our company actively involves in joint product planning with major customers.	**4.19**	**.714**
Our company frequently interacts with customers to set reliability, responsiveness, and other standards for us.	**4.07**	**.664**
Our company frequently measure and evaluate customer satisfaction.	**4.18**	**.709**
Our company frequently determines future customer expectations.	**4.10**	**.790**
Our company facilitates customers' ability to seek assistance from us.	**3.99**	**.764**
Our company periodically evaluates the importance of our relationship with our customers.	**4.04**	**.703**
Our company utilizes cross functional input within the CRM practice	**4.06**	**.642**
TOTAL	**32.97**	**5.65**
AVERAGE	**4.12**	**0.706**

Source: Research data (2017)

According to the results all the statement regarding CRM had a mean score value greater than 3.5, which implies to the fact that the organization is well in practicing CRM. The result also shows that majority of respondents agreed that the company actively works on order delivery fulfillment requirements of the major customers with a mean score of 4.34, having an active involvement in joint product planning with major customers was shown by a mean score of 4.19 and having a frequent measure to evaluate customer satisfaction was shown by a mean score of 4.18. From the above results majority of respondents do not agree with facilitating customers' ability to seek assistance from the organization as it had the lowest mean score of 3.99.

4.4.3 Organization Practicing Information Sharing Practice (ISP)

The study sought to know the respondent level of agreement with statements related to organization practicing ISP. The results are presented on table 4.3 below:

Table 4.3: Organization Practicing ISP practices

Information Sharing Practice (ISP)	**Mean**	**Std Dev.**
Our company frequently exchange information with our partners formally or informally.	**4.19**	**.593**
Our suppliers keep us fully informed about the issues that affect our businesses.	**4.00**	**.597**
We and our trading partner exchanges information timely, accurate and complete.	**3.99**	**.682**
We and our trading partners keep each other informed about events or changes that may affect the other partners.	**3.95**	**.619**
We and our trading partners exchange information that helps establishment of business planning.	**3.93**	**.550**
We and our trading partners share information in the early stages of product development	**3.97**	**.571**
TOTAL	**24.03**	**3.612**
AVERAGE	**4.01**	**0.602**

Source: Research data (2017)

According to the results majority of the respondents agreed with frequently exchange of information with their partners formally or informally (mean score of 4.19), exchange of information with trading partners that helps establishment of business planning having the lowest a mean score of 3.93, this shows that the majority of respondents do not agree on exchange of information with trading partners that helps establishment of business planning. The results also shows an average score of 4.01 which is closer to the mean score of keeping fully informed the organization about the issues that affect the businesses, this would mean that an average of the respondents agreed that their supplier are fully informed them about the issues that affect the businesses.

4.4.4 Organization Practicing Information Technology Adoption Practice (ITAP)

The study sought to know the respondent level of agreement with statements related to organization practicing ITAP. The results are presented on table 4.4 below:

Table 4.4: Organization Practicing ITAP practices

Information Technology Adoption Practice (ITAP)	**Mean**	**Std Dev.**
Our company uses IT based ordering from major customers & suppliers.	**3.29**	**.929**
Our company regularly updates of IT technologies throughout the supply chain.	**3.13**	**.875**
Our company facilitates IT based production system.	**3.36**	**.876**
Our company facilitated internet-based technology, information flow within the organization's departments.	**3.69**	**.731**
The adoption of IT has helped our company for the flexibility of product specifications and testing of raw materials and as a result reduced the overall cost of the company.	**3.72**	**.680**
The adoption of IT has helped our company to get accurate information of inputs as well outputs from the firm and therefore helped in reducing losses.	**3.77**	**.688**
TOTAL	**20.96**	**4.779**
AVERAGE	**3.49**	**0.796**

Source: Research data (2017)

According to the results on table 4.4, the average mean score value of ITAP is less than 3.5 which implies to the fact that the organization is not well in practicing ITAP. The result also shows that majority of respondents acknowledged adoption of IT has helped the company to get accurate information of inputs as well outputs from the firm and therefore helped in reducing losses by mean score of 3.77, the adoption of IT in helping the company for the flexibility of product specifications and testing of raw materials and as a result reduced the overall cost of the company had a mean score 3.72. The average mean score was 3.49 which is closer facilitating IT based production system; this would mean that average of respondents agree that, the organization facilitates IT based production system. Regularly updates of IT technologies throughout the supply chain had the least mean score as shown by a mean score of 3.13, this means that respondents to great extent agreed that the organization doesn't regularly updates of IT technologies throughout the supply chain.

4.5 Organizational Performance

The study also sought to know the respondents level of agreement with statements related to organizational performance to indicate the extent to which the company has been achieved its market and financial goals in the past five years in respect to the particular indicators as listed in the table 4.5 below. The scale for the response format in this section was used as follows:
1= Significantly low. 2=Low. 3 =Average. 4=Higher. 5=Significantly High.

Table 4.5: Organizational Performance with regard to market and financial goals in the past five years

Organizational Performance (OP)	**Mean**	**Std Dev.**
Market share.	**4.23**	**.579**
Return on investment.	**4.16**	**.686**
The growth of market share.	**4.20**	**.690**
The growth of sales.	**4.37**	**.596**
Growth in return on investment.	**4.25**	**.710**
Profit margin on sales.	**4.24**	**.616**
Overall competitive position	**4.22**	**.591**
TOTAL	**29.67**	**4.468**
AVERAGE	**4.24**	**0.638**

Source: Research data (2017)

The results show majority of the respondents agreed that organizational performance with regard to the growth of sales having a mean score of 4.37, this is the highest mean score from the results above; it show that the organization achieved better in growth of sales for the past five years. Growth in return on investment had a mean score of 4.25, Return on investment had a mean score of 4.16, this is the lowest mean score from the results above; it show that the organization achieved less in regard to return on investment. The average mean score is 4.24 which is same as Profit margin on sales which would mean that an average of the respondents agreed that the organization achieved better in profit margin on sales.

4.6 Correlation Analysis between constructs of SCM Practices and Organizational Performance (OP)

In this section, correlation analysis conducted to test the relationship between constructs of supply chain management practices and organizational performance. Correlations are the measure of the linear relationship between two variables. A correlation coefficient has a value ranging from -1 to 1. Values that are closer to the absolute value of 1 indicate that there is a strong relationship between the variables being correlated whereas values closer to 0 indicates that there is little or no linear relationship. As described by Andy (2009), the correlation is a commonly used measure of the size of an effect: values of ± 0.1represent a small effect, ± 0.3 is a medium effect and ± 0.5 is a large effect.

The table below shows the matrix of correlation between SCM practices (i.e., SRM, CRM, ISP and ITAP) and organizational performance (OP). The relation was tested using Pearson Product Moment Correlation Coefficients. The correlation Matrix between SCM Practices and Organizational performance is shown in table 4.6 below.

Table 4.6 Correlation Matrix between SCM Practices and Organizational performance

Correlations

		SRM	CRM	ISP	ITAP	OP
SRM	Pearson Correlation	1	.639**	.607**	.249*	.390**
	Sig. (2-tailed)		.000	.000	.012	.000
	N	102	102	102	102	102
CRM	Pearson Correlation	.639**	1	.617**	.337**	.414**
	Sig. (2-tailed)	.000		.000	.001	.000
	N	102	102	102	102	102
ISP	Pearson Correlation	.607**	.617**	1	.221*	.304**
	Sig. (2-tailed)	.000	.000		.026	.002
	N	102	102	102	102	102
ITAP	Pearson Correlation	.249*	.337**	.221*	1	.093
	Sig. (2-tailed)	.012	.001	.026		.354
	N	102	102	102	102	102
OP	Pearson Correlation	.390**	.414**	.304**	.093	1
	Sig. (2-tailed)	.000	.000	.002	.354	
	N	102	102	102	102	102

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Source: SPSS generated result (2017)

The correlation between SCM practices with organizational performance was run as seen in the above table. The result of correlation matrix between SCM practices and organizational performance are analyzed as follow:

As it is shown in the table 4.6 above, supplier relationship management (SRM) is positively related to organizational performance with a Pearson correlation coefficient of 0.390 (r=0.390) and significance value is less than 0.001. This significance tells that there is genuine relationship between supplier relationship management and organizational performance.

Customer relationship management (CRM) and organizational performance had strong positive relationship with a Pearson correlation coefficient of 0.414 (r=0.414) and significance value is less than 0.001. This significance tells that there is genuine relationship between customer relation and organizational performance.

As the conducted Pearson correlation test indicated in table 4.6, there is also significant positive correlation between level of information sharing practice(ISP) and organizational performance with a Pearson correlation coefficient of 0.304 (r=0.304) and significance value is less than 0.005. This significance tells that there is genuine relationship between Information Sharing Practice and Organizational Performance.

Pearson correlation test also conducted to know whether there is significant correlation or not between Information technology adoptions practice (ITAP) and organizational performance, the above table 4.6 clearly indicates that there is a little relation between information technology adoption practice and organizational performance. The result of correlation coefficient between Information technology adoption practice and Organizational performance is 0.093 (r=0.093).

4.6.1 Correlation between SCM Practices (SCMP) and Organizational performance (OP)

Pearson correlation test was conducted between SCM practices (collective representative of four constructs of SCM) and organizational performance. As it is shown in the table 4.7 below there

is a significant positive relationship between SCM Practices and organizational performance with a Pearson correlation coefficient of 0.382 (r=0.382) and significance value is less than 0.001. This significance tells that there is genuine relationship between SCM practices as a whole and organizational performance.

Table 4.7: Correlation between SCMP and OP

Correlations

		SCMP	OP
SCMP	Pearson Correlation	1	.382**
	Sig. (2-tailed)		.000
	N	102	102
OP	Pearson Correlation	.382**	1
	Sig. (2-tailed)	.000	
	N	102	102

**. Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS generated result (2017)

4.7 Regression Analysis between SCM practices and Organizational performance

The study also sought to determine the effect that exists between Supply Chain Management practices and organizational performance. The study conducted a regression analysis to explain how much the independent variable (SCMP) explains the dependent variable (OP). To depict the expected relationship between the above variables, the study adopted the following linear regression model:

$$Y = \beta_0 + \beta 1\ X1 + \beta_2\ X2 + \beta 3\ X3 + \beta 4\ X4 + \epsilon$$

Where Y = Organizational performance

β_0 = Constant or the Y intercept

x1 = Supplier Relationship Management

x2 = Customer Relationship Management

x3 = Information Sharing Practice

x4 = IT Adoption Practice

$\beta 1$, β_2, $\beta 3$, $\beta 4$ are regression coefficient of respective variables

ϵ is the error term

The results of the regression analysis are presented as follows:

4.7.1 Multicollinearity Test

Table 4.8: Multicollinearity test of independent variable

Coefficients[a]

Model		Collinearity Statistics	
		Tolerance	VIF
1	SRM	.517	1.934
	CRM	.484	2.067
	ISP	.543	1.842
	ITAP	.885	1.130

a. Dependent Variable: OP

Source: SPSS generated result (2017)

The result in table 4.8 above show that the collinearity between independent variables has no series problem since the value of tolerance for all independent variable is greater than 0.1 and all VIF is less than ten (VIF<10). This shows that predictors are not highly correlated.

4.7.2. Coefficient of determination, R^2

Table 4.9 Coefficient of determination, R square

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.448[a]	.201	.168	.38361

a. Predictors: (Constant), ITAP, ISP, SRM, CRM

Source: SPSS generated result (2017)

As shown in the table 4.9 above, the significant and positive β coefficient implies that SCM practices have a positive influence on organizational performance. The coefficient of determination, adjusted R^2 is .168, meaning that 16.80% of the variation in organizational performance (OP) is explained by the variation in SRM, CRM, ISP and ITAP. This shows there is causal relationship between SCM practices and organizational performance. The remaining 83.20% of the variation in organizational performance cannot be explained by those dimensions of SCM practices. There might be many factors that can explain this variable. To suggest some of factors that might be explained this variable can be Lean Production, Product development and commercialization, Manufacturing flow management, Customer service management, Postponement Concept, New technology and innovation and so on. The implication for this is the multi-dimensionality of SCM practices covers set of activities and processes from firms internal operations to upstream and downstream sides of SC to achieve the ultimate common goal of improving organizational performance.

4.7.3 ANOVA Test

The study used ANOVA to establish the significance of the regression model from which an F-significance value of $p<0.001$ was established. This shows that the regression model has a less than 0.001 likelihood (probability) of giving a wrong prediction. Hence, from the table 4.10 below, the regression model is overall statistically significant, meaning that it is a suitable prediction model for explaining how SCM Practices affects the organizational performance.

Table 4.10: ANOVA Test

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.589	4	.897	6.097	.000[b]
	Residual	14.274	97	.147		
	Total	17.863	101			

a. Dependent Variable: OP

b. Predictors: (Constant), ITAP, ISP, SRM, CRM

Source: SPSS generated result (2017)

4.7.4 Coefficients Results

Table 4.11 Coefficients Results

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.391	.440		5.430	.000
	SRM	.223	.132	.213	1.689	.095
	CRM	.261	.116	.294	2.252	.027
	ISP	.006	.118	.006	.052	.959
	ITAP	-.048	.076	-.061	-.630	.530

a. Dependent Variable: OP

Source: SPSS generated result (2017)

From the above table 4.11 coefficients results, the following regression analysis was obtained:

$$Y = 2.391 + 0.223X1 + 0.261X2 + 0.006X3 - 0.048X4 + \epsilon$$

Where Y = Organizational performance, x1 is Supplier Relationship Management, x2 is Customer Relationship Management, x3 is Information Sharing Practice, x4 is IT Adoption Practice and ϵ is the error term. The model illustrates that when all variables are held at zero (constant), the value of OP would be 2.391. However, holding other factors constant, a unit increase in Supplier Relationship Management would lead to a 0.223 increase in OP, a unit increase in Customer Relationship Management would lead to a 0.261 increase in OP, a unit increase in Information Sharing Practice would lead to a 0.006 increase in OP, and a unit increase in IT Adoption Practice would lead to a 0.048 decrease in OP.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter provides the summary of the findings and conclusions. It also gives the recommendations, research limitations and suggestions for area of future research as far as this study is concerned.

5.2 Summary of the Findings

On SCM practices the study found that majority of the respondents were still considering practicing SCM in their organizations. Majority of the respondents agreed with statements regarding organization practicing SRM with an average mean score of 4.08. Respondents strongly agreed with statements related to organization practicing CRM in their organization with an average mean score of 4.12. Also for statements related to organization practicing in ISP as shown by an average mean score of 4.01. On respondent's level of agreement with statements related to organization practicing ITAP they slightly agreed with an average mean score of 3.49.

All indicators of OP had a mean score of greater than 3.5, which implies to the fact that the organization achieves better in market as well as financial goals for the past five years.. The study also found that majority of the respondents agreed with performance of the organization with regards to financial and market perspectives as shown by an average mean score of 4.24, which was closer to Profit margin on sales which would mean that an average of the respondents agreed that the organization achieved better in profit margin on sales.

On SRM, a correlation coefficient of 0.390 was obtained depicting a significant relationship with OP. While on CRM the relationship with OP there was a strong relationship with correlation coefficient of 0.414, on ISP it had a correlation coefficient of 0.0304, ITAP the correlation coefficient was 0.093, and this indicates that there is a little relationship between information technology adoption practice and organizational performance.

In the regression model the study found that when all variables are held at zero (constant), the value of OP would be 2.391. However, holding other factors constant, a unit increase in Supplier Relationship Management would lead to a 0.223 increase in OP, a unit increase in Customer Relationship Management would lead to a 0.261 increase in OP, a unit increase in Information Sharing Practice would lead to a 0.006 increase in OP, and a unit increase in IT Adoption Practice would lead to a 0.048 decrease in OP. There was a positive significant relation between OP and CRM (p=0.027).

5.3 Conclusions

Based on the results of the study and the summary of findings, the study concludes that there is a significantly positive relationship between SCM practices and organizational performance since SCM practices is positively and genuinely correlated with organizational performance. From this end the study conclude that, the application of Supply Chain Management practices in Anbessa Shoe Share Company has a positive implication on organizational performance through market and financial goal. Therefore, to improve organization performance the supply chain management focuses on SCM practices.

However, it was noted that some respondents disagreed with ITAP and this is a very crucial practice as it will improve organizational performance. Even though Anbessa Shoe Share Company to some extent applying adoption of Information Technology but it is not working adequately in the implementation. Since SCM practices affected OP in this regard, implementing SCM practices improves organizational performance.

5.4 Recommendation, Research Limitation and Areas of Future Research

Recommendation

The study found out that the ASSC has not yet fully adopted supply chain management practices, especially adoption of Information Technology. It is therefore recommended that in order to

achieve advancement in marketing and financial performance in the long run through minimizing overall cost, it is better for the organization to give due emphasis on SCM practices.

The study also found out that SRM and CRM have contributed much more to the organizational performance of ASSC. So effort should be made for better implementation of these practices. By doing so suppliers and customers will be empowered and this will have a direct impact on organizational performance.

There is need for ASSC to adopt a holistic approach where the organization identifies all the necessary supply chain management practices that will affect its performance. There should be the top management support to ensure that the implementation of the supply chain management practices does not face the resource constraints and inter departmental support. Since implementation of supply chain management practices requires coordination among different departments and this can run smoothly if the top management is involved in the process.

The correlation results shows that certain dimension of SCM practices have significant positive relation on organizational performance. This suggests that the organization need to be clear about those dimension and they should excel and invest on SCM practice relate to those critical dimensions.

Research Limitation

The study involved employees of the case company working in different departments (procurement, production, finance, market…) this may have affected the results as the effect of supply chain management practices may vary in each department.

Traditional data secrecy behavior of most respondents and companies were the challenge of the study. The questionnaires were administered on drop and pick later method, it was challenging to have volunteer respondents who are willing to commit their time and fill the questionnaires timely, adequately and appropriately. Finally time and other resources were limited to the study.

Areas of Future Research

Future research is needed to extend the findings of this study. The study has addressed only SCM practices of the case company Anbessa Shoe Share Company. In the future, a truly integrated supply chain may consist of multiple organizations in a chain working together to bring the latest technological innovations and products to customers at the lowest cost in the shortest time. By comparing different view of SCM practices from organizations across the supply chain, it is also possible to identify the strength and weakness of the supply chain and also the best common SCM practice across the supply chain.

From the regression finding, other factors not in the model that affects the organizational performance of Anbessa Shoe Share Company constitute 83.20%. These unexplained variables in the supply chain need to be established, and from this end, there is a need for a research that will introduce more independent variables especially other supply chain management practices to establish how the level of association with the organizational performance would be look like.

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APPENDIX I

ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE
MASTER OF LOGISTICS & SUPPLY CHAIN MANAGEMENT PROGRAM
QUESTIONNAIRE

Dear Respondent,

This questionnaire is designed for the purpose of gathering information on the study under title "Employees Perspective on the Effect of Supply Chain Management Practices on Organizational Performance: for the case of Anbessa Shoe Share Company". This study is being carried out as a requirement in partial fulfillment for award the Degree of Master in Logistics & Supply Chain Management. Please note that, the study is purely for academic purpose towards the attainment of the above purpose and thus not affects you in any case. You are hereby assured that the information will be treated with the strict confidence. No one other than the researcher will see your completed questionnaire. Therefore, your genuine, frank and timely response is vital for fruitfulness of the study.

General Instructions:

► No need to write your name.
►Base your answers on your own thoughts & experiences
► Please make tick mark (√) in the appropriate box for answer options that are provided.
►This questionnaire will take approximately 20 to 30 minutes based on your answers.

Please don't hesitate to contact me for any query, I am available as per your convenience at mobile: 0911- 437810 or e-mail: *yhailmariam@gmail.com.com*

Thank you in advance for your committed cooperation, time and consideration!!!

Sincerely Yours,

Yared Hailmariam

PART I: SOCIO-DEMOGRAPHIC INFORMATION

Respondent's Profile:

1. Sex: Male □ Female □

2. Educational Level: Grade 12 completed □ Certificate □ College diploma □

First Degree □ Second Degree and above □

3. Current Position/ Title in the company:

Managerial position □ Section Head □ Non managerial position □

4. Work experience in this company:

Under 2 years □ 2–5 years □ 6–10 years □ over 10 years □

5. Department/work unit _____

PART II: ITEMS ON SUPPLY CHAIN MANAGEMENT PRACTICES

The statements below describe the extent of supply chain management practices perhaps as undertaken by Anbessa Shoe Share Company. For each statement, please indicate the degree to which you agree or disagree with the associated statements. If you think that the particular practice does not apply to your company, please make tick mark (√) under the "Not Applicable" response. Specifically, the scale with the following response formats may be used in providing your perception pertaining to these practices of your employer company.

1=Strongly Disagree. 2=Disagree. 3=Neutral. 4= Agree. 5=Strongly Agree. 6=Not Applicable.

Please make a tick mark (√) under the appropriate number to indicate the extent to which you agree or disagree with each statement.

SRM	Supplier Relationship Management						
No.	Description	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Not Applicable
		1	2	3	4	5	6
1	Our company analyzes our suppliers before contracting them						
2	Our company accept and implement our supplier advice and suggestion regarding quality improvement						
3	Our company consider quality as our number one criterion in selecting suppliers						
4	Our company regularly solves problems jointly with our suppliers.						
5	Our company has been helping our suppliers to improve their product quality.						
6	Our company has continuous improvement programs that include our key suppliers.						
7	Our company actively involves our key suppliers in new product development processes						
8	Our company determines SRM practice requirements by a cross functional team.						
9	Our company identifies key criteria for segmenting suppliers.						
10	Our company regularly measures our supplier's contributions to our profitability.						
CRM	**Customer Relationship Management**	**1**	**2**	**3**	**4**	**5**	**6**
11	Our company actively work on order delivery fulfillment requirements of the major customers						
12	Our company actively involves in joint product planning with major customers						
13	Our company frequently interacts with customers to set reliability, responsiveness, and other standards for us.						
14	Our company frequently measure and evaluate customer satisfaction.						
15	Our company frequently determine future customer expectations						
16	Our company facilitates customers' ability to seek assistance from us.						
17	Our company periodically evaluates the importance of our relationship with our customers.						
18	Our company utilizes cross functional input within the CRM practice						
ISP	**Information Sharing Practice**	**1**	**2**	**3**	**4**	**5**	**6**
19	Our company frequently exchange information with our partners formally or informally						
20	Our suppliers keep us fully informed about the issues that affect our businesses						
21	We and our trading partner exchanges information timely, accurate and complete.						
22	We and our trading partners keep each other informed about events or changes that may						

	affect the other partners						
23	We and our trading partners exchange information that helps establishment of business planning.						
24	We and our trading partners share information in the early stages of product development						
ITAP	**Information Technology Adoption Practice**	**1**	**2**	**3**	**4**	**5**	**6**
25	Our company uses IT based ordering from major customers & suppliers						
26	Our company regularly updates of IT technologies throughout the supply chain						
27	Our company facilitate IT based production system						
28	Our company facilitated internet-based technology, information flow within the organization's departments						
29	The adoption of IT has helped our company for the flexibility of product specifications and testing of raw materials and as a result reduced the overall cost of the company.						
30	The adoption of IT has helped our company to get accurate information of inputs as well outputs from the firm and therefore helped in reducing losses.						

PART II: ITEMS ON ORGANIZATIONAL PERFORMANCE

With regard to the performance of Anbessa Shoe Share Company, please make a tick mark (√) under the appropriate number to indicate the extent to which you think that the company has been achieving its market and financial goals in the past five years in respect to the particular indicators as listed in the table below.

Please note that a scale with the following response format may be used in this section.

1= Significantly low. 2=Low. 3 =Average. 4=Higher. 5=Significantly High. 6=Not Applicable.

OP	**Organizational Performance**						
No.	**Description**	**Significantly Low**	**Low**	**Average**	**High**	**Significantly High**	**Not Applicable**
		1	**2**	**3**	**4**	**5**	**6**
1	Market share.						
2	Return on investment.						
3	The growth of market share.						
4	The growth of sales.						
5	Growth in return on investment.						
6	Profit margin on sales.						
7	Overall competitive position.						

For any comment:

_____

_____

_____

_____

Thank you very much once again for sacrificing your valuable time!!!

APPENDIX II

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	female	61	59.8	59.8	59.8
	male	41	40.2	40.2	100.0
	Total	102	100.0	100.0	

Educational Level

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	grade 12	14	13.7	13.7	13.7
	cirtificate	28	27.5	27.5	41.2
	college diploma	23	22.5	22.5	63.7
	first degree	30	29.4	29.4	93.1
	second degree and above	7	6.9	6.9	100.0
	Total	102	100.0	100.0	

Current Position

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	non managerial position	76	74.5	74.5	74.5
	section head	19	18.6	18.6	93.1
	managerial position	7	6.9	6.9	100.0
	Total	102	100.0	100.0	

Work Experience

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	< 2 years	17	16.7	16.7	16.7
	2 - 5 years	37	36.3	36.3	52.9
	6 - 10 years	40	39.2	39.2	92.2
	> 10 years	8	7.8	7.8	100.0
	Total	102	100.0	100.0	

Department(work unit)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	finance department	5	4.9	4.9	4.9
	human resource	5	4.9	4.9	9.8
	marketing department	22	21.6	21.6	31.4
	production and quality department	61	59.8	59.8	91.2
	research and development	3	2.9	2.9	94.1
	supply department	4	3.9	3.9	98.0
	TD	2	2.0	2.0	100.0
	Total	102	100.0	100.0	

Reliability Statistics of SRM

Cronbach's Alpha	N of Items
.804	10

Reliability Statistics of CRM

Cronbach's Alpha	N of Items
.823	8

Reliability Statistics ISP

Cronbach's Alpha	N of Items
.831	6

Reliability Statistics of ITAP

Cronbach's Alpha	N of Items
.792	6

Reliability Statistics of OP

Cronbach's Alpha	N of Items
.781	7