



**ST.MARY UNIVERSITY SCHOOL OF GRADUATE STUDIES**

**THE EFFECT OF SUPPLY CHAIN MANAGEMENT PRACTICES ON  
THE COMPETITIVE POSITIONING OF TEA MARKETING: THE  
CASE OF TEA PROCESSING AND PACKING FACTORY**

**BY**

**MISRAK DEMISSIE**

**THESIS SUBMITTED TO THE SCHOOL OF GRADUATE STUDIES OF ST.MARY  
UNIVERSITY IN PARTIAL FULFILLMENTS OF THE REQUIREMENTS FOR  
THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION IN GENERAL  
MANAGEMENT**

**MAY, 2019**

**ADDIS ABEBA, ETHIOPIA**

**THE EFFECT OF SUPPLY CHAIN MANAGEMENT PRACTICES ON THE  
COMPETITIVE POSITIONING OF TEA MARKETING: THE CASE OF TEA  
PROCESSING AND PACKING FACTORY**

**BY**

**MISRAK DEMISSIE**

**THESIS SUBMITTED TO THE SCHOOL OF GRADUATE STUDIES OF ST.MARY  
UNIVERSITY IN PARTIAL FULFILLMENTS OF THE REQUIREMENTS FOR  
THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION IN GENERAL  
MANAGEMENT**

**MAY, 2019**

**ADDIS ABEBA, ETHIOPIA**

**ST.MARY UNIVERSITY SCHOOL OF GRADUATE STUDIES**

**THESIS TITLE**

**THE EFFECT OF SUPPLY CHAIN MANAGEMENT PRACTICES ON  
COMPETITIVE POSITIONING OF TEA MARKETING: THE CASE OF TEA  
PROCESSING AND PACKING FACTORY**

**BY**

**MISRAK DEMISSIE**

**APPROVED BY A BOARD OF EXAMINERS:**

_____	_____	_____
Dean Graduate Studies	Signature	Date
_____	_____	_____
Advisor	Signature	Date
_____	_____	_____
External Examiner	Signature	Date
_____	_____	_____
Internal Examiner	Signature	Date

## **DECLARATION**

I Misrak Demissie hereby declare that this study entitled “the Effect of Supply Chain Management Practices on Competitive positioning of Tea Marketing: The case of Tea Processing and Packing Factory” is my own work. All information in this document has been obtained and presented in accordance with academic rules and ethical conduct.

Student Researcher

---

Misrak Demissie

Date: May 30/2019

## **ENDORSEMENT**

This thesis, titled “the Effect of Supply Chain Management Practices on Competitive positioning of Tea Marketing: The case of Tea Processing and Packing Factory has been submitted to St’ Mary University, School of Graduate Studies for MBA Program with my approval as a University advisor.

---

Advisor

---

Signature

---

Date

## Table of Contents

Contents	Page
ACKNOWLEDGEMENTS .....	i
ACRONYMS/ABBREVIATION .....	ii
LIST OF TABLES .....	iii
LIST OF FIGURES .....	iv
ABSTRACT.....	v
CHAPTER ONE .....	1
INTRODUCTION .....	1
1.1. Background of the Study.....	1
1.1.1. Tea Industry in Ethiopia.....	2
1.1.2. Tea Plantation Farms and processing factory in Ethiopia .....	3
1.2. Statement of The Problem.....	3
1.2.1. Basic Research Questions .....	5
1.3. Objective of The Study .....	5
1.3.1. General Objectives.....	5
1.3.2. Specific Objectives .....	5
1.4. Significance of the Study .....	6
1.5. Scope and Limitation of the Study.....	6
1.5.1. Scope of the Study .....	6
1.5.2. Limitation of the study.....	7
1.6. Definition of terms .....	7
1.7. Organization of the Study .....	8
CHAPTER TWO .....	9
REVIEW OF RELATED LITERATURE .....	9
2.2. Definition and Concept of Supply Chain and supply chain management .....	9
2.3. Objectives of Supply Chain Management.....	11
2.4. Supply Chain Management practice .....	12
2.5. Strategic Supplier Partnership.....	12
2.6. Customer Relationship .....	13
2.7. Internal Operation Efficiency.....	15
2.8. Importance Information Sharing .....	15
2.8.1. Level of Information Sharing.....	16
2.8.2. Quality of Information Sharing.....	17
2.9. Information Technology (IT) .....	18
2.10. Supply Chain Management and Competitive Positioning.....	18
2.11. Review Empirical Literature .....	21
2.11.1. Supply chain practices in tea industry .....	21
2.12. Conceptual Framework.....	22
2.3. Hypothesis.....	23
CHAPTER THREE .....	24
RESEARCH METHODOLOGY.....	24

3.2	Research Design .....	24
3.3	Research Approach .....	24
3.4	Source of Data .....	25
3.5	Population and Sampling Techniques .....	25
3.5.1	Target Population.....	25
3.5.2.	Sampling Techniques.....	25
3.5.3.	Sample Size Determination.....	25
3.6	Method of Data Collection.....	26
3.6.2.	External Validity.....	27
3.7.	Method of Data Analysis Techniques .....	27
3.8.	Reliability .....	27
3.9.	Ethical Considerations of the Research.....	28
CHAPTER FOUR.....		29
RESULT AND INTEROPERATION .....		29
4.1.	Reliability Test .....	29
4.2.	Data Processing .....	30
4.3.	Demographics Respondent.....	30
4.4.	Descriptive Analysis .....	32
4.4.1.	All Variables [Independent and dependent variables ].....	32
4.5.	Correlation Analysis.....	33
4.6.	Regression Analysis .....	34
4.6.1.	Common Assumption Test: .....	35
4.6.1.1.	Multi Collinearity Assumption Test.....	35
4.6.1.2.	Normality Test for Residuals .....	36
4.6.1.3.	Autocorrelation Assumption Test .....	36
4.6.1.4.	Linearity Test .....	37
4.6.1.5.	ANOVA Model fit .....	38
4.7.	Regression Result and Discussion.....	38
4.8.	Hypothesis Testing.....	41
4.8.1.	Summary of Hypotheses Result.....	42
CHAPTER FIVE .....		43
SUMMARY OF FINDING, CONCLUSION AND RECOMMENDATION .....		43
5.1	Summary of Major Finding.....	43
5.2.	Conclusion of the Study .....	45
5.3.	Recommendations .....	46
5.4.	Direction for future research .....	48
Appendices.....		52
Appendix A.....		52

## **ACKNOWLEDGEMENTS**

First, I am very indebted to the Almighty God then I would like to express my deepest gratitude to my Advisor Dr. Temsegen Belayneh for his dedication, advices and technical supports to prepare this research.

I would like to express my heart gratitude to my Mom [Wagaye Demissie] and Hana Mohamed , because of them unstoppable and priceless support now I am here ; when I was child my Mom inspired me to do more and also she gave me what she can all throughout her life.

My deepest ,very special and enormous appreciation goes to my wife Edilawit Tadesse and my son Yeabsira Misrak and my daughter Christian for love, support, encouragement, dedication and many priceless sacrifices contributed to the successful completion of my MBA without their assistance this would not have been possible. I say God richly bless you.

My best appreciation goes to Mr. Bewketu, Enas, Abebe and to all Horra Trading HR and Facility Staffs who has been supportive throughout the thesis preparation and gave me Courage.

Last but definitely not least I would like to thank Tea Processing and Packing Factory Marketing, Supply and Administration heads and staffs for their assistance by providing the required documents and information for my study.

Thank you!!

Misrak Demissie



## **ACRONYMS/ABBREVIATION**

<b>SC:</b>	Supply Chain
<b>SCM:</b>	Supply chain Management
<b>TPPF:</b>	Tea Processing and Packing Factory
<b>SPS:</b>	Supplier Partner Ship
<b>IOE:</b>	Internal operation Efficiency
<b>IS:</b>	Information sharing
<b>CR:</b>	Customer relationship
<b>CP:</b>	Competitive positioning

## LIST OF TABLES

Table 4.1 Reliability Statistic.....	29
Table 4.2 Demographic respondent .....	30
Table 4.3: Mean and Standard deviation Descriptive statistics result .....	33
Table 4.4 : Correlations among variables .....	34
Table 4.5 Multi Collinearly assumption test.....	35
Table 4.6: Durban-Watsun [Auto correlation assumption Test result].....	37
Table 4.7: Model fit [ANOVA <sup>a</sup> ] .....	38
Table 4.8: Model Summary [independent variables as predictors to Competitive Positioning] .....	39
Table 4.9: Coefficients.....	39
Table 4.10: Summary of Hypotheses Testing.....	42

## LIST OF FIGURES

Figure 1: Conceptual Framework of the Study.....	22
Figure 3: Normal p-p plot of regression .....	37
Figure 2: Normality Test for Residuals .....	36

## **ABSTRACT**

*This study was conducted mainly to assess and analyze the effect of supply chain management practices on competitive positioning of Tea processing and packing Factory so as to make them more competitive in the local and global market place.*

*The research used primary data through distributing questionnaire to Tea processing and packing factory employees. Causal and quantitative research design and approach was used. So, questionnaire for the descriptive statistics were distributed in person to respondents. From the distributed questionnaires 120 (95.2 %) respondents completed and returned the questionnaire.*

*The quantitative data was coded and analyzed using SPSS 20 statistical tools including descriptive and inferential statistics done both Pearson's correlation and Regression analysis were used.*

*The findings of the study explained on this research through descriptive, correlation and regression analysis. The detail of these results: the mean value of supplier partnership, customer relationship, internal operation efficiency and information sharing 3.667, 3.4389, 3.4383, 3.4954 and 3.6083 respectively. And the correlation result of each independent variables with respect to dependent variables produced on this study these are Strategic supplier with Competitive position ( $r=0.586$ ), Customer relationship with Competitive position ( $r=0.701$ ), Internal Operation efficiency ( $r=0.582$ ), and Information sharing with Competitive position ( $r=0.596$ ). At the end regression analysis of coefficients presented and the result of  $\beta$  value of Supplier partnership, Customer relation, Internal operation and Information sharing are 0.149, 0.365, 0.123, and 0.207 respectively; this shows as  $\beta$  value of all independent variables are positive this implies that independent variable significant effect on competitive positioning and also the Hypothesis result of this study show all independent variables accepted and the significant value less than 0.05 with the exception of internal operation efficiency.*

*Generally this report would identify the general issues of supply chain management practices mainly strategic supplier partnership, customer relationship, information sharing, internal operations efficiency and their level of effects and relationships on the competitive positioning of tea processing and packing Factory.*

**Key Words:** *Supply Chain, Supply Chain Management, Competitive Positioning, Tea Marketing, Strategic Supplier Partnership, Customer Relationship, Information Sharing, and Internal Operation Efficiency.*

# CHAPTER ONE

## INTRODUCTION

### 1.1. Background of the Study

Every organization, whether it is a manufacturer, wholesaler, or retailer, buys materials, supplies to support operations. Historically, purchasing has been perceived as a clerical or low-level managerial activity charged with responsibility to execute and process orders initiated elsewhere in the organization. (Robert, 2015) noted that Supply chain management is a new concept involving the integration of all the value-creating elements in the supply, manufacturing, and distribution processes: from raw material extraction, through the transformation process, to end user consumption. “A supply chain consists of all stages involved, directly or indirectly, in fulfilling a customer request .A supply chain is a network of facilities and distribution options that performs the functions of Procurement of materials, transformation of these materials into intermediate and finished products, and the distribution of these finished products to customers” (Ganeshan and Harrison, 1995).

According to the strategic plan of Ethio AGRI CEFT (Owner of Wush Wush tea plantation, Gumaro tea plantation and tea processing and packing factory) for the period 2016/17-2020/211, the supply chain in tea development and marketing faces problems and challenges. Such as inefficient procurement and management of materials, inadequate training and capacity building works. Relatively poor direct and indirect marketing activities, lower assistance to out growers in terms of credit and other technicalities, lack of adequate farm machinery and equipment spare parts, lack of innovative agricultural activities and other activities that improve productivity, problem of housing to workers and uncompetitive casual labor rates, old packaging machineries, lack of knowledge about the existing standards of made tea in the world, lack of capacity to meet world standards.

In Ethiopia the practice of integration, collaboration, and having willingness and the trend of managing the SC from supplier to the customer is traditional i.e., not more than just buy and sale (transactional) relationship. Even if there is SC by default it is not well managed, and implemented for getting the benefits resulted from effective supply chain management. So that, each partner with in the supply chain is using their own individual efforts to improve their own competitiveness (like, quality, cost, delivery lead time, and etc) but it is not as such

effective. Currently the Ethiopian business environment is becoming customer driven, competitive and technology based. Hence, it is unquestionable that companies should build an integrated and efficient system through which resources would flow in a seamless and instantaneous manner across the supply chain. The previous practices of Ethiopian manufacturing and agro industries with regard to supply chain management was traditional , partners involved across the supply chain act independently in designing, developing and executing strategies with minimum effort made to align strategies with the partners doing business with them particularly suppliers, whole sellers, distributors, and customers.

### **1.1.1. Tea Industry in Ethiopia**

According to (Mohammed, 2017 ) Tea is one of the most popular and lowest cost beverages in the world, and consumed by a wide range of age groups in all levels of society with more than three billion cups daily worldwide (Hick, 2009). Majority of the tea producing countries are located in the continent of Asia where China, India, Sri Lanka are the major producers. African tea growing countries are located mostly around the tropical regions where Kenya, Malawi, Rwanda, Tanzania, Uganda are major producers. Apart from these regions, some quantities of tea are also being produced in South America (Argentina, Brazil and others), the Near East (Iran and Turkey) and the CIS (Russia and Georgia). Amongst tea producing countries, the principal producers are China, India, Sri Lanka, Kenya and Indonesia. In terms of area under tea plantation, on an average during the last two decade (1991 – 2010), China lead (45%) the world followed by India (21%), Sri Lanka (7%), Kenya (5%), Vietnam (3%) (Basuet *al*, 2012).

Tea is a shrub (*Camellia Siemens's*) cultivated from antiquity in China and now in countries like Japan, India, Kenya, Ethiopia etc. and having lancelet leaves and fragrant white flowers. Processed black or green tea is a product prepared and cured from the leaves, leaf buds and internodes of this plant for the market (Bereket, 2014)

Tea is not an indigenous plant to Ethiopia. It was introduced to the country in 1928 by the British Diplomatic Mission and planted in Gore Illubabor Region on a trial basis. However, tea at a commercial farm level started in 1966 in Gumoro near Gore. The other commercial tea plantation started at WushWush in 1973. By the end of the seventies a total of 130 hectares of tea was planted in Ethiopia. Tea plants which need abundant rainfall can grow to a height of 1.50 m to 3.0 m, but by pruning the plant is changed from trees to bush with rich

foliage. Like the olive tree, tea tree continues to be productive for many years. The life span of the cultivated crop like that of the olive tree is long and is capable of yielding leaves of high quality lasting for over 100 years. The practice of colonial propagation has done much to standardize the high quality of tea bush but in general it can be said that the higher the altitude, tea is of better quality as it derives its distinctive flavor from varied climatic conditions and elevations.

Tea production in Ethiopia has generally shown an increasing trend ever since commercial scale production was carried out at Gumoro and Wish-wash plantations in 1981 and the other Chewaka tea plantation introduced in sheka Zone. The rise in tea production is mainly attributed to policy measures taken to curtail imports as well as encourage growth of domestic consumption habit of the public. (TIRET Magazine, 2008)

### **1.1.2. Tea Plantation Farms and processing factory in Ethiopia**

Tea is a new crop to Ethiopia which introduced in the early 19th century. The main government objectives to be self-sufficient domestic consumption and save the foreign exchange spent for importing tea, to supply for export market by increasing the production and quality of tea through time and, to create employment opportunity for the citizens (MCTD, 2001). Currently, there are three tea plantations and number of tea processing and packing factory in Ethiopia which are owned by private investors. These are:

1. WushWush Tea plantation which is owned by Ethio AGRI CEFT
2. Gumaro Tea plantation which is owned by Ethio AGRI CEFT
3. Chewaka Tea state which is owned by East Africa Agri Business group
4. Numbers of tea processing and packing factories
5. Tea processing and packing Factory Mekenisa plant

### **1.2. Statement of The Problem**

In many organizations supply chain management has gone from poor cousin to high strategy over the past years. Supply chains encompass the companies and the business activities needed to design, make, deliver, and use a product or service. Businesses depend on their supply chains to provide them with what they need to survive and thrive. Domestically and Globally Every business fits into one or more supply chains and has a role to play in each of them. The pace of change and the uncertainty about how markets will evolve has made it

increasingly important for companies to be aware of the supply chains they participate in and to understand the roles that they play. Those companies that learn how to build and participate in strong supply chains will have a substantial competitive positioning in their markets (Huogos, 2006).

The source of competitive positioning is found firstly in the ability of the organization to differentiate itself, in the eyes of the customer, from its competition, and secondly by operating at a lower cost and hence at greater profit. Seeking a sustainable and defensible competitive positioning has become the concern of every manager who is alert to the realities of the marketplace. The bases of success in any competitive context commercial success derives from supply chain success or either a cost advantage or a value advantage or, ideally, both. It is as simple as that – the most profitable competitor in any industry sector tends to be the lowest-cost producer or the supplier providing a product with the greatest perceived differentiated values. (Huogos, 2006).

Researchers conclude that at multinational manufacturers; by saying supply chain management practices contribute 50% to the profitability and performance of any organization. Therefore, organizations have to understand the concepts and the practices of SCM for the intention of achieving competitiveness as well as for increasing profits (Qayyumet *et al.*, 2013).

The primary goal of supply chain management is to enhance competitive performance by closely integrating the internal functions within a company & closely linking them with external operations of suppliers, customers, and other channel members (Kim 2006).

Ethiopian manufacturing industries have serious weaknesses and facing obstacles hampering their productivity and competitiveness. Most of these manufacturing industries are plagued with the problem of low financial and managerial capacity, lack of machineries and facilities, inability to satisfy customer demands, and shortage of highly qualified workers. Moreover, they have poor or under capacity utilization and low level of total resource productivity. Even if the contribution of the sector to import-substitution has increased over the last few years, the unexploited potential, low market share of the manufacturing industry and unutilized capacity show that there is a lot that remains to be done (Dereje, 2012).



Therefore, the researcher was study the supply chain management practice in Tea processing and Packing Factory and its effect on the competitive positioning tea marketing.

### **1.2.1. Basic Research Questions**

The researcher answered the below listed Research problems in the study.

- ✓ Is there Strategic supplier partnership have an effect on competitive positioning of Tea Processing and Packing Factory?
- ✓ To what extent customer relationships effect on competitive positioning Tea processing and Packing Factory?
- ✓ To what extent internal operations efficiency effect on competitive positioning of Tea Processing and Packing Factory?
- ✓ Is there information sharing have an effect on competitive positioning of Tea Processing and Packing Factory?

## **1.3.Objective of The Study**

### **1.3.1. General Objectives**

The general objective of the study was to analysis the effect of supply Chain Management practices on competitive positioning of marketing in Tea Processing and Packing Factory.

### **1.3.2. Specific Objectives**

- ✓ To analyze and assess the effect of internal operations efficiency on overall competitiveness of Tea Processing and Packing Factory
- ✓ To analyze and assess the effect of strategic supplier partnership on overall competitiveness of Tea Processing and Packing Factory
- ✓ To analyze and assess the effect of customer relationships on overall competitiveness of tea Processing and Packing Factory
- ✓ To analyze and assess the effect of importance information sharing on overall competitiveness of Tea processing and Packing Factory

## **1.4 Significance of the Study**

‘The input of the Ethiopian tea industry to the country's economy is now increasing. But tea industry has certain supply chain problems. The study aims to identify the supply chain problems. On the study possible causes identified and solutions which can assist to overcome the identified problems were suggested.

Accordingly, this study will give the below listed benefits:

- ✓ Owners, managers and employees of Tea Processing and Packing Factory, Tea Plantations, Tea Blending and Packing Factories might also use the findings of this study to evaluate and determine their competency needs and integrate supply chain management practice with their business strategy.
- ✓ The study may also give green light and use as reference to academicians and students who need to conduct further research on related areas in Ethiopian business situation.
- ✓ Generally the researcher believes that the study gives and creates awareness about the concept, principles, and benefits of supply chain management practices on for Ethiopian tea industry.

## **1.5 Scope and Limitation of the Study**

### **1.5.1 Scope of the Study**

The researcher was restricted the scope of the study to the Ethiopian Tea industry which includes tea farms (plantation) and tea processing and packing factories but the study was mainly focused on Tea processing and packing factory here in Addis Ababa Meknissa Plant and taken the sample from the total population of tea processing and packing factory .

Supply chain management practice is a very wide field of area. This study was focuses only on four SCM dimensions and their effect on competitive positioning of tea processing and packing factory.

These are:-

- ✓ Strategic supplier partnership
- ✓ Customer relationship
- ✓ Internal operations efficiency and
- ✓ Importance of Information sharing with in the supply chain.

### 1.5.2. Limitation of the study

The main limitation of this study was the researcher has lack of experience to conduct well organized research before; this created its own negative influence on the study. Supply Chain Management has a wide field of study but on this study the researcher was limited the study only on four supply chain dimensions; this might create also on study conclusion and recommendation a negative impact as well.

### 1.6. Definition of terms

- **Supply Chain:** Is all inter-linked resources and activities needed to create and deliver products and services to customers (Sunil, 2004).
- **Supply Chain Management:** is a network and the management of upstream and downstream relationships with suppliers and customers to deliver superior customer value at less cost to the supply chain as a whole (Christopher 2005).
- **Supply chain Practices:** Set of activities undertaken in an organization to promote effective management of its supply chain. Describes the latest evolution of SCM practices, which include supplier partnership, outsourcing, cycle time compression, continuous process flow, and information technology sharing (Donlon JP ,1996 )
- **Strategic supplier partnership:** The long-term relationship between the organization and its suppliers. It is designed to leverage the strategic and operational capabilities of individual participating organizations to help them achieve significant ongoing benefits. Tan KC, Lyman SB, Wisner JD (2002).
- **Customer relationship:** The entire array of practices that are employed for the purpose of managing customer complaints, building long-term relationships with customers, and improving customer satisfaction (Moberg CR, Cutler BD, Gross A, and Speh TW ,2002)
- **Level of information sharing:** The extent to which critical and proprietary information is communicated to one's supply chain partner (P, Towill DR 2003)
- **Quality of information sharing:** Refers to the accuracy, timeliness, adequacy, and credibility of information exchanged (Moberg CR, and Cutler BD, TW. 2002 )
- **Competitive positioning:** is defined as the “capability of an organization to create a defensible position over its competitors” ( Tracey, and Vonderembse Lim ,1999)

### **1.7. Organization of the Study**

The study has five chapters. The first chapter included the general background of the study, statement of the problem, basic research question, general and specific objectives, significance of the study, scope of the study, limitation of the study, definition of terms and hypothesis. The second chapter deals with reviews of literature. The third chapter presented the research methodology used in the study. The detail data analysis, Interpretation and result presented in chapter four. At the end Summary of Finding, Conclusion and possible recommendation were presented in the final chapter of chapter five.

## CHAPTER TWO

### REVIEW OF RELATED LITERATURE

The main objectives of this chapter was to review of literature by provide a solid foundation on supply chain management and discuss the essential concepts and practices focusing on the supply chain management definition and concepts, objectives of supply chain management, Supply chain practices, competitive positioning of firms, supply chain management dimensions, competitive positioning and at the end reviewed Empirical and Conceptual framework.

#### **2.2. Definition and Concept of Supply Chain and supply chain management**

Supply chains encompass the companies and the business activities needed to design, make, deliver, and use a product or service. Businesses depend on their supply chains to provide them with what they need to survive and thrive. Every business fits into one or more supply chains and has a role to play in each of them. The pace of change and the uncertainty about how markets will evolve has made it increasingly important for companies to be aware of the supply chains they participate in and to understand the roles that they play. Those companies that learn how to build and participate in strong supply chains will have a substantial competitive advantage in their markets ( Michiel Hugos, 2003). 1

A supply chain consists of all parties involved, directly or indirectly, in fulfilling a customer request and to create customer satisfaction. The supply chain includes not only the manufacturer and suppliers, but also transporters, distributors, retailers, and even customers themselves. Within each organization, such as a manufacturer, the supply chain includes all functions involved in receiving and filling a customer request. These functions include, but are not limited to, new product development, marketing, operations, information sharing, distribution, finance, and customer service (Chopera and mendle, 2007).

A supply chain consists of all parties involved, directly or indirectly, in fulfilling a customer request. The chain includes not only the manufacturer and suppliers, but also transporters, warehouses, retailers, and even customers themselves. Within each organization, such as a manufacturer, the supply chain includes all functions involved in receiving and filling a

customer request. These functions include, but are not limited to, new product development, marketing, operations, distribution, finance, and customer service (Chupra & Mendi, 2007).

The practice of supply chain management is guided by some basic underlying concepts that have not changed much over the centuries. Several hundred years ago, Napoleon made the remark, “An army marches on its stomach.” Napoleon was a master strategist and a skillful general and this remark shows that he clearly understood the importance of what we would now call an efficient supply chain. Unless the soldiers are fed, the army cannot move. Along these same lines, there is another saying that goes, “Amateurs talk strategy and professionals talk logistics.” People can discuss all sorts of grand strategies and dashing maneuvers but none of that will be possible without first figuring out how to meet the day-to-day demands of providing an army with fuel, spare parts, food, shelter, and ammunition. It is the seemingly routine activities of the quartermaster and the supply sergeants that often determine an army’s success. This has many analogies in business. The term “supply chain management” arose in the late 1980s and came into widespread use in the 1990s. Prior to that time, businesses used terms such as “logistics” and “operations management” instead. Supply chain management refers to the effort to coordinate suppliers, manufacturers, warehouses, stores and transportation intermediaries so that the merchandise the customer wants is produced in the right quantities and sent to the right locations at the time the customer wants it. Logistics concentrates on the movement and control of products where supply chain management includes the managerial aspects of the process as well (Grewatetal, 2010).

Supply chain management is defined by different authors, 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 CSCMP (2004) 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”(Cooper et al., (1997).

Supply chain management is the integration of the activities that procure materials and services transform them into intermediate goods and final products, and deliver them to

customers. These activities include purchasing and outsourcing activities, plus many other functions that are important to the relationship with suppliers and distributors (Jay Heizer et al 2011).

Jay Heizer et al further explains that as firms strive to increase their competitiveness via product customization, high quality, cost reduction and speed to market added emphasis is placed on the supply chain. Effective supply chain management makes suppliers "partners" in the firm's strategy to satisfy an ever-changing market place. A competitive advantage may depend on a close long-term strategic relationship with a few suppliers.

From these definitions, it is clear that supply chain management comprises all those activities, processes and relationships that include the flow of material, finance and information from end to end through the supply chain.

### **2.3. Objectives of Supply Chain Management**

The objective of supply chain management is to satisfy the requirement of the end customer. Customers could be satisfied if they are mainly be a part and parcel of the system that delivers the product and services, giving direct input regarding their expectation (Fawcett et al, 2007).

As the essence of supply chain management is a pull system and starts from the customer, the role and involvement level would lead in the end to the satisfaction of the customers. Strategy defines competitive objectives when looking through SC lenses managers see that the only person who really puts money into the chain is the end customer. Therefore, SC strategy emphasizes fulfilling the needs of the end or final customers. Satisfying the immediate customer is still critical. However, each company in the chain must understand who the final customer is and what it needs to do to fulfill this end customer's expectations (Fawcett et al 2007).

According to Chopra and Meindl (2001) the basic objective of supply chain management is to maximize overall value generated by the supply chain, as well as by benefiting the organizations involved in the supply chain. The value a supply chain generates is the difference between what the final product is worth to the customer and the effort the supply chain expends in filling the customer's request. For most supply chains, value will be strongly correlated with supply chain profitability, the difference between the revenue generated from

the customer and the overall cost of the supply chain. From these we can summarize that the objective of supply chain management is to increase the competitive positioning of firms and the supply chain as a whole in terms of market share, product/service quality, dependability and on time delivery and new product design ability compared to competitors.

#### **2.4. Supply Chain Management practice**

SCM practices as a set of activities carry out in any organization to promote effective management of its supply chains; From this we can see that components of SCM practices includes supply and material management issues, operations ,supplier partnership information technology and sharing (Information Communication Technologies) and customer service. Other components such as technology, cost, inventory management, competitiveness and external regulations, according to needs to be managed effectively to achieve to business goals of each supply chain members. It also leads to value creation to end customer (Charles et.al, 2014).

SCM practices are a fundamental to firm performance; in today's globalized business all firms get their competitive positioning by managing various challenges within the country and internationally and this devote substantial attention. As effective SCM provides benefits that go beyond the entities or the organization itself on both of its upstream and downstream sides and those firms may comprehend their potential of integrating their external relationship that is the firms external suppliers, the firm itself and the firms customer and also the firms internal operational practices with a view to enhancing their level of competitiveness and performance as well as customer satisfaction (Haque, 2013).

SCM involves the coordination and configuration of different process that is necessary to make products available in a timely, reputable, and suitable condition. The distinctiveness of SCM could be achieved by identifying and making use of SCM practices, in organized way. SCM practices involve a set of activities undertaken by the organization to promote effective management of their supply chain (Faisal, 2011).

#### **2.5. Strategic Supplier Partnership**

It is defined as the long term relationship between the organization and its suppliers. Strategic 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).

Sadikoglu and Zehir (2010) also stated that in strategic 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 Lascelles and Dale (1989); Landros and Moncza (1989). It is designed to leverage the strategic and operational capabilities of individual participating organizations to help them achieve significant ongoing benefits (Noble 1997; Sheridan 1998). Such strategic 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 Yoshino and Rangan (1995).

Strategic partnerships with suppliers enable organizations to work more effectively with a few important suppliers who are willing to share responsibility for the success of the products. Suppliers participating early in the product-design process can offer more cost effective design choices, help select the best components and technologies, and help in design assessment (Tan et al., 2002). Strategically aligned organizations can work closely together and eliminate wasteful time and effort Balsmeier and Voisin (1996). An effective supplier partnership can be a critical component of a leading edge supply chain (Noble, 1997). The main objective of strategic partnerships with suppliers is increasing the functional capability of desired supplier (Rosenzweig, 2003). Therefore, strategically managed long-term relationship with supplier has positive impact on a firm's supplier performance Cooper and Ellram (1993).

## **2.6. Customer Relationship**

Customer relations is related to the company's ability to communicate to the delivery of appropriate products and services to customers locally and globally in the right time, right place, and appropriate of quantity and quality. Customer linkage especially sharing product information with customers, receiving customer orders, interact with customers to manage demand, after placing the order system, share the status of orders with customers on scheduling orders, and product delivery stage (Lee, et al, 2007).

As it was describe in the literature review section strategy defines competitive objectives when looking through the SC lenses manager see that the only person who really puts money into the chain is the end customer. Therefore SC strategy emphasizes fulfilling the needs of the end or final customers satisfying the immediate customer are still critical. However, each customers in the chain must understand who the final customers and hat it needs to do it fulfill this end customers' expectations (Faweatt etal 2007)

Toni and Nassimbeni (1999) identified that a long-term perspective between the buyer and supplier increase the intensity of firm-supplier integration. Firms that integrate with customers including: planning, implementing, and evaluating a successful relationship between the provider and recipient of both upstream and downstream of the supply chain. Therefore, customer relationship management (CRM) is not only focused on inbound customer relationships but also on outbound customer relationships in SCM.

In the competitive business, better relationship management with customers is crucial for organization success (Wines, 1996). Good relationship with business partners, including key customers are important role to success of supply chain management practiced by organization (Moberg et al, 2002; Tathee, 2007). 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 and Pearson, 1999).

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, improve organization appearance, reduce costs, and increase revenue. Most researchers consider customer relationship management as an important component of supply chain management practices. As pointed out by Day et al (2006),committed relationships are the most sustainable advantages because of their inherent barriers to competition since changes in technology and globalization of products and services have resulted in more dynamic markets and greater uncertainty in customer demands. Customers have greater access to new products that are emerging at a faster pace (Cheung et al., 2010).

A firm's customer relationship practices can generate the organizational success in supply chain management practices efforts as well as its performance (Scott and Westbrook, 1991; Ellram, 1991; Turner, 1993).

## **2.7. Internal Operation Efficiency**

In addition to the upstream and downstream integration, SCM also emphasize on the importance of both effectiveness and efficiency of firm's internal operations on its performance. This is due to a significant element of SCM practice is an internal operations and they are the basis for developing a competitive advantage before embarking into external integrations. Poor internal operations can lead to failure in coordinating with external partners Hand field and Nichols (1999). Internal operation summarizes all activities related to production system and internal, logistics flow Handfield and Nichols (1999).

To judge the SCM practice as an effective and value adding the internal operation should be flexible in responding to changing market needs, which is expressed on the basis of agility principles. This means that, a production system must be able to perform rapid change over in both order patterns and mass customization Lambert and Cooper (2000). Power and Soha (2001) find that technology utilization, continuous improvement and computer based automation in manufacturing are some of characteristics of agile/flexible organization. Thus, the effectiveness of SCM can be examined by the ultimate effect it would have on customer satisfaction through responsiveness and lower price resulting from lean internal operations. Automated orders and automated productions are the key enablers to realize the quick response program (Perry and Sohal, 2000).

## **2.8. Importance Information Sharing**

Information sharing is an important aspect in achieving perfect integration in a supply chain. Cross functional integration and inter organizational integration requires the visibility of information across the supply chain. 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, inaccurate forecasts, low resource utilization, and high production costs. Indeed, information sharing is highly considered as the way to reduce demand uncertainty Lee and Whang (2000); (Lee, 2002). Many studies have reported that information sharing can bring many benefits to both suppliers and buyers, such as inventory reduction, and

reduced manufacturing costs (Yu et al., 2001); and (Raghunathan, 2003). The way companies share information whatever the confidential level or not; determines the success of the collaboration. The nature of information to be across the supply chain differs based on the degree of integration, institutional trust and availability of infrastructure that facilitate the practice (Lazarevic, et al., 2007). Therefore, an informatics perspective is vital in the supply chain since information flow is an integral part of SCM and material flow is closely dependent on information flow.

### **2.8.1. Level of Information Sharing**

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 Rahman and Afsar (2008). Furthermore, (Alireza et al., 2011) stated integration and coordination across supply chain can be well provided through information sharing. Lalonde (1998) considers sharing of information as one of five building blocks that characterize a solid supply chain relationship.

According to Stein and Sweat (1998), 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 (Ahmadi, 2005). Failures can occur in case of information delays, shortage or distortion across the supply chain (Power, 2005). In this study supply chain information sharing is associated with the amount of information shared among supply chain partners in downstream and upstream side of the supply chain and also the information intensity. In this study, information sharing in supply chain is conceptualized as the extent of sharing business knowledge formally or informally with supply chain partners. Also it is associated with the amount of information shared among supply chain partners in downstream and upstream side of the supply chain and also the information intensity.

### **2.8.2. Quality of Information Sharing**

Information quality includes an aspect such as accuracy, timeliness, adequacy and information exchanged credibility (Tan et al., 1998). It appears that there is a built in reluctance within organizations to give away more than minimal information (Berry et al., 1994) since information disclosure is perceived as a loss of power. Given these predispositions, ensuring the quality of the shared information becomes a critical aspect of effective SCM Feldmann and Muller (2003). Based on (Li et al., 2005), organization needs to review their information as a strategic asset and ensure that the information flows with minimum delay and distortion. In addition, (Li et al., 2005) also notes that information shared must be accurate so that the best SCM solution will be obtain. Effective use of relevant and timely information by all the functional elements in the supply chain is considered as a competitive factor and distinctive (Ahmadi, 2005). While information sharing is important, the significance of its impact on SCM depends on information by all functional elements within the supply chain as a key competitive and distinguishing factor. The empirical findings of Childhouse and Towill (2003) reveal that simplified material flow, including streamlining and making highly visible all information flow throughout the chain, is the key to an integrated and effective supply chain. Providing and transforms raw material to a product or service and delivers it to the customer is activities that is done in the supply chain. Overall planning of supply and demand, raw material procurement, production planning, inventory control, warehousing, distribution of products and management of information is activities in the supply chain. Hence manufacturing organization in the supply chain should be able to consider inventory demand and according to the number products in stock identified a fraction number the product and do production planning. By determine production schedules, do raw material supply and the schedule of production, distribution of products as well is planned through sharing quality information (Chin et al., 2010).

The work of (Tan et al., 1998), in which most of the indicators of information quality is adopted, does not incorporate completeness as the indicators of information quality which is the key for quality of information in reality of the case organization. Therefore, for the purpose of the study, information quality is conceptualized as accuracy, timeliness, adequacy, information exchanged reliability and completeness.

## **2.9. Information Technology (IT)**

Nowadays, since IT is involved in every step of operation in each company, therefore it is not surprising that organizations' Supply Chain Management supported by adopting IT. (Talluri, 2000) makes the comment that the advances in IT systems have given opportunities for organizations' to transform the way they manage their business. In SCM, IT is highly regarded as a major enabler in achieving effective SCM. As a supply chain spans many organizations in developing products to customers both up-stream, down-stream and many functional areas within a company, the implementation of IT allows the companies to increase communication and coordination of various value adding activities with their partners and between functions within their own operation (Simchi et al., 2000). In addition, to advance development of the internet technology offers significant opportunities for cost reduction, increasing flexibility, increasing response time, and improving customer services Lee and Whang (2001). The benefits of IT in SCM do not come from the capabilities of IT itself; instead the significant benefits come from the combination of its application with corporate strategy and the nature of relationship between companies. IT will improve collaboration and coordination between supply chain members in the environment where trust and long-term commitment between partners exist (Chae, 2005). (Li et al., 2005) revealed that, the objectives of IT in SCM are; to provide the information availability and visibility to supply chain partners, to enable the collaboration with organizations in the supply chain and to allow the decision making based on the total supply chain information.

## **2.10. Supply Chain Management and Competitive Positioning**

Today's emphasis on specialization focuses on the term "Core competence" coined by C.K Prahalad and Gary Hamel in their seminal article "The core competence of the corporation." Prahalad and Hamel argue that to win in a global market place a company must be uniquely good at something, something no one else could do quite so well. Companies that did not develop such a core competency would always find themselves in a battle to preserve their market share and their margins.

Once an organization understands its customer needs and success factors, it needs to develop and align its core competencies to meet these needs. Specifically, the company must determine what its role in the supply chain is going to be and decide how to structure and use its resource to add unique value. Because resources are scarce it is absolutely vital to

determine how to most efficiently and effectively use them. Non critical activities may be outsourced to companies that can better perform them. Establishing the correct mix of internal and outsourced activities a fundamental part of supply chain design.

Core competencies are based on combinations of attributes or skill sets that give an organization a unique advantage over its competitors. This frequently involves delivering value to the customer by creating synergies among business units and supply chain partners. The concept of core competencies is certainly applicable to the service sector as well for example; service quality can create a core competency that provides sustainable competitive advantage. Based on service quality attributes such as consistency, responsiveness, and empathy service companies build their reputation for dealing with customers. Once a company defines its core competency it can design a supply chain to support its competitive strategy, value proposition and competency development. This almost always focus on what does very well its core competencies and relies on supply chain partners for other aspects of value creation (Fawcett et al 2007).

A careful environmental scan helps managers identify the forces that are likely to affect their company and industry. According to (Fawcett et al 2007), forces are shaping the environment in which today's SC managers make decisions because these issues will define the rules of the new competitive game. They are briefly discussed here.

Competitive pressure: - Fierce, unrelenting competition is the common denominator in today's economy. Companies from countries around the world vie to become legitimate players on the global stage. As long as aggressive and hungry competitors loom on the horizon, competitive intensity will increase.

Corporate social responsibility: - Corporate social responsibility (CSR) is emerging as a critical issue. Companies must now be aware of what is often called the triple bottom line: economic, environmental and social performance. The existence of non-governmental organizations (NGOs) that survey and publicize corporate misdeeds has raised the bar for socially responsible conduct. Companies that operate global SC networks are now far more proactive. Most participate in one of several organizations like the fair labor association or social accountability international, which are designed to help companies assure that their SC partners observe international working standards.

Customer expectations: - customer expectations have risen over the past decade. Customers throughout the supply chain expect near perfect quality, immediate responsiveness, universal availability and continuous innovation. And they expect all this at the same or lower costs. Meeting customer expectations while mitigating performance trade-offs is a huge challenge for SC managers.

Globalization: - Technology has made the world smaller, bringing not only far away events but also distantly produced products into the homes of consumers worldwide. SC managers must design global manufacturing and distribution networks to make and deliver these products. They must also learn to identify and build relationships with the best suppliers from around the world. Challenges in the form of communication, culture, distance, and documentation make the SC manager's job both interesting and challenging. Global knowledge and flexible mind-sets are needed to succeed in a global market.

Technological innovation: - Technology has helped to shrink the world, compress time, raise customer expectation and enable SC integration. Unfortunately, rapid technological change creates a fundamental challenge- how can managers harness technology to enable value creation without investing an appropriate "Silver battle" technologies? No company wants to fight tomorrow's competitive battle with yesterday's outdated and obsolete technologies. Yet chasing technological innovation for the sake of having the latest technology can dilute focus and consume scarce resources without delivering real value.

Time compression: - Companies have competed on the basis of speed since the just-in-time revolution. Today, the pressure to take time out of key processes is greater than ever. Many practices including concurrent engineering and supplier integrated manufacturing are being implemented to eliminate waste wherever it is found. Wasted time and effort are the primary targets of continuous improvement efforts. SC managers must build knowledge, skills, and relationships to eliminate waste and compress fulfillment and new product cycle times.

To summarize, managers cannot opt out of the competitive environment in which their companies operate. They must deal with the forces that are converging to change the competitive land scape. (Fawcett et al 2007).



## **2.11. Review Empirical Literature**

Empirical studies by (Ross, 1998), confirmed the theory that, SCM practices considerably improve companies performance and competitiveness. Moreover, the results specifically highlight that IT and information sharing significantly contributes to more performance measures than supplier and customer relationship practice. With regard to the relationship between SCM strategies and operational performance, (Tan et al., 2002) observed that the following SCM-related strategies were significantly related to overall product quality and overall customer service: namely determination of customer's needs, reduction in response time and supplier delivery time, improvement of integration activities, trust among supply chain members, communication of future needs, use of information sharing, and assistance of suppliers in JIT (just in time) capability.

### **2.11.1. Supply chain practices in tea industry**

The supply chain performance is now increasingly perceived as critical means for attaining a competitive edge over others competitors. The traditional way of measuring performance based on cost alone has giving way to more innovative approach incorporating non-cost performance measures like quality, flexibility, time, and the need for customer satisfaction (Ashish, 2006).

The driving force for a supply chain performance is the supply chain performance enablers: delivery speed, new product introduction, collaboration across enterprise boundary, data interchange, flexibility, and customer responsiveness. This in turn leads to a positive effect on the overall cost, lead time, quality, and service level, over all capacity, which constitutes supply chain determinants. The current market situations require increasing service levels and quality in union with low cost and small lead times (Ashish, 2006).

Supply chain performance is a two dimensional definition which consists of effectiveness & efficiency. Effectiveness is about 'doing the right things' & efficiency is about 'doing things right'. Supply chain effectiveness relates to the preference of the end-consumer & the sole indicator is consumer satisfaction (David et al., 2006). Therefore, customer satisfaction is comes from meeting customer requirements, fitness for use, continuous improvement, elimination of waste, customer support, flexibility to meeting demands, design and engineering, quality assurance, inventory and etc. (Eyong, 2009).

## 2.12. Conceptual Framework

Suhong, Ragu-Nathan and Rao (2006) confirmed that any organizational initiative, including supply chain management, should ultimately lead to enhanced organization competitive advantage. Related to this concept, the study initially selected and develops four dimensions of SCM practice (strategic supplier partnership, internal operation efficiency, customer relationship, level of information sharing and tests the relationships and significant effect between these SCM practices and Competitive Positioning.

This study will set a framework identifying the relationships among SCM practices (strategic supplier partnership, customer relationship, internal operation efficiency and information sharing) as related to their effects on Organization Competitive Positioning.

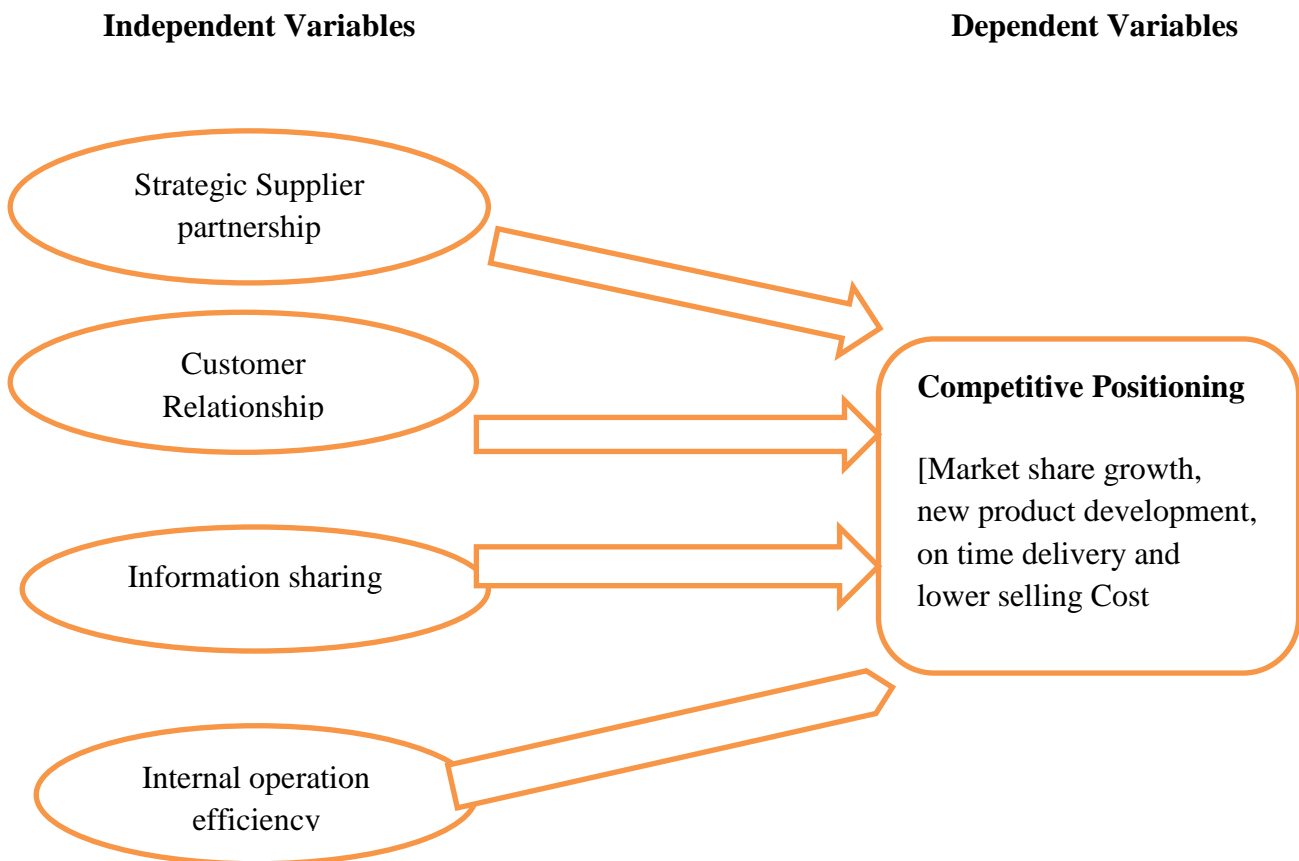


Figure 1: **Conceptual Framework of the Study**

**Source:** The Researcher Adopted and Modified [Demirbag, 2007]

### 2.3. Hypothesis

The researcher was to identify the effect of supply chain management practices on competitive positioning of tea processing and packing Factory in tea marketing based on the below Hypotheses.

- ✓ Ho1: Strategic supplier partnerships don't have a significance effect on competitive positioning of Tea Processing and Packing Factory.
- ✓ Ha1: Strategic supplier partnerships have a significance effect on competitive positioning of Tea Processing and Packing Factory
- ✓ Ho2: Customer relationships don't have a significance effect on competitive positioning of Tea Processing and Packing Factory
- ✓ Ha2: Customer relationships have a significance effect on competitive positioning of Tea Processing and Packing Factory.
- ✓ Ho3: Information sharing does not have a significance effect on competitive positioning of Tea processing and Packing Factory.
- ✓ Ha3: Information sharing does have a significance effect competitive positioning of Tea Processing and Packing Factory.
- ✓ Ho4: Internal operations efficiency don't have a significance effect on competitive positioning of Tea processing and Packing Factory
- ✓ Ha4: Internal operations efficiency have a significance competitive positioning of Tea processing and Packing Factory

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

Business research is the application of the scientific method in searching for the truth about business phenomena. Business research is more than conducting surveys. This process includes idea and theory development, problem definition, searching and collecting information, analyzing and interpreting collect data, and communicating the findings and their implications to end user (Zikmund, 2014). Hence, this chapter were discussed the research methodology of the study. It deals with the research approach, design, research population and sampling determination, data collection and analysis methods were employ to answer the research questions.

#### **3.2 Research Design**

In this study, the researcher used causal /explanatory research design .Which provides an accurate and valid representation of the factors that are relevant to the research question. According to Anol (2012), the descriptive survey involves acquiring information about one or more groups of people asking them questions and tabulating their answers. Explanatory or analytical research aims to understand phenomena by discovering and measuring causal relations among them. The research used quantitative method in order to gather the most appropriate data to answer the research questions.

#### **3.3 Research Approach**

The study was specifically tries to determine the SCM practices and seeks to show their effect on the organizational competitive positioning. Therefore, the research approach was quantitative research approach ; According to (Creswell, 2003) the quantitative approach is the one in which the investigator primarily uses postpositive claims for developing knowledge, i.e., cause and effect relationship between known variables of interest or it employs strategies of inquiry such as experiments and surveys, and collect data on predetermined instruments that yield statistics data.

### **3.4 Source of Data**

Thus, the researcher was used primary source of data for the entire analysis of this study. The information was gathered through questionnaire from the selected sample of respondents/ employees of Tea Processing & Packing factory. The data that were collected from the respondents through questionnaires were used as primary data. In addition, the researcher was collected secondary data through reviewing some published documents provided by the company as a secondary data sources.

### **3.5 Population and Sampling Techniques**

#### **3.5.1 Target Population**

Population is defined as the entire set of individuals or other entities to which study findings are to be generalized (Schutt, 2011). For this study the target population was taken from Tea Processing & Packaging Factory permanent employees who have educational back ground on or above grade 10<sup>th</sup> that located at Addis Ababa around Mekanisa Factory. Hence, bases on this the total population of Tea processing and packing factory 184 taken as a total population and 126 samples taken from the total population from who have educational back ground grade 10 or above grade 10<sup>th</sup>.

#### **3.5.2. Sampling Techniques**

For this study the researcher used purposive sampling method .This is because purposive sampling method is used when elements are selected due to a specific purpose, usually because of their unique position (Schutt, 2011). Hence each individual who have educational back ground on or above grade 10<sup>th</sup> employees were included in the sample.

#### **3.5.3. Sample Size Determination**

The target population of this study was 184 tea processing and packing factory employees ; from these the researcher used and drawn sample for this study those who have educational back ground on grade 10 or above and these are 126 .

Hence, in this study the researcher used questionnaire and distributed for those respondents as per the sample size. According to Diamantopoulos et al (2000), a sample size at least 30 should be considered to use statistical procedures.

### **3.6 Method of Data Collection**

Primary data is first-hand information, data collected directly from an original source. Primary data can be collected through observation, interviews, or the use of questionnaires (Saunders *et al.*, 2009). The study was used questionnaires to collect primary data for quantitative analysis. The data was gathered through questionnaire [Closed ended] from the selected sample of respondents/ Tea processing and packing Factory and its head office/.

The data collected through questionnaires method analyzed through descriptive and inferential statistical method. The questionnaires have a five –point Likert-type response scale (1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree).

For the primary data self-administered Questionnaires were distributed to tea processing packing factory 126 selected samples.

#### **Validity of the study**

According to Leedy et al (2010), the validity of a measurement instrument is the extent to which the instrument measures what it is intended to measure. Leedy et al (2010) further explained the importance of validity- the accuracy, meaningfulness, and credibility of the research project as a whole. The research effort will be worth the time and effort only to the extent that it allows the researcher to draw meaningful and defensible conclusions from the data. Two basic questions are explained here when considering the validity of the research study: First, does the study have sufficient controls to ensure that the conclusions we draw are truly warranted by the data? Second, can we use what we have observed in the research situation to make generalizations about the world beyond that specific situation? The answers to these questions address the issue of internal validity and external validity respectively.

#### **3.6.1. Internal Validity**

According to Leedy et al (2010), internal validity of a research study is the extent to which its design and the data it yields allow the researcher to draw accurate conclusions about cause - and- effect and other relationships within the data.

Respondents might have different knowledge and experiences about supply chain management practices in their respective enterprises. Hence, there may be reactivity: a more

general phenomenon in which people change their behavior when they are aware that they are being observed. In this case, respondents were well informed with the covering letter about the objectives of the research and the confidentiality of the information they provide (ethical issues).

### **3.6.2. External Validity**

According to Leedy et al (2010), the external validity of a research study is the extent to which its results apply to situations beyond the study itself, in other words, the extent to which the conclusions drawn can be generalized to other contexts. The three commonly used strategies that enhance the external validity of a research study i.e. a real life setting, a representative sample and replication in a different context were used to increase the external validity and the generalization of the results of the study.

### **3.7. Method of Data Analysis Techniques**

Descriptive statistical analytical technique used and Statistical package for social sciences [SPSS Version 23] also used to facilitate the computation. In addition, the data collected were analyzed by correlation and Regression analysis because it helps to investigate the relationship between the independent with dependent variable i.e. supply chain practices with its effect on the dependent variables, Competitive positioning. To analyze and present the demographic data, and to describe the data the researcher used descriptive analysis [table, Mean, Standard deviation] were used for this research. To analyze the relationship among variables the researcher implemented Correlation and also the researcher used regression analyses to measure supply chain management practices degree of effect on competitive positioning.

### **3.8. Reliability**

According to Leedy et al (2010), Reliability is the consistency with which a measuring instrument yields a certain result when the entity being measured has not changed. Leedy et al (2010) further explained that we can measure something accurately only when we can also measure it consistently. Yet, measuring something consistently doesn't necessarily mean measuring it accurately. In other words, reliability is necessary but insufficient condition for validity.

The respondents who were selected for this research are involved in the business and have the experience related to SCM. Hence, they have given credible answers to the questionnaires. The same answer would probably be given to another independent researcher. Therefore, the researcher believed that this study was being reliable.

To check reliability and internal consistency of the measurement items the researcher was tested the reliability through Cronbach's alpha.

### **3.9. Ethical Considerations of the Research**

According to Leedy et al (2010), most ethical issues in research fall into one of four categories:- protection from harm, informed consent, right to privacy and honesty with professional colleagues.

Since the proposed methodology mainly utilizes questionnaires and interviews as a means of data collection, participants in this study will be informed in advance about the nature of the study and their participation will be on a voluntary basis. The information will be treated confidentially and with anonymity of the respondents. Due respect and consideration will also be given to personal and professional opinions. A moral obligation between the researcher and the participant is to be all times honest and maintain privacy.



## CHAPTER FOUR

### RESULT AND INTEROPERATION

This chapter presents the results of the analysis of the data obtained from the respondents through questionnaires and have three main section .In the first part discuss about demographic related, on the second section the researcher discuss about descriptive and at the end inferential analysis [ correlation and regression] analysis discusses .

The target population for this study was Tea Processing and Packing Factory and 126 respondents were selected from the employees of Tea processing and packing Factory. And from the distributed 126 questionnaires 120 respondents returned.

Response Rate =  $\frac{\text{Number of respondents that cooperated}}{\text{Total number of selected respondents}} = \frac{120}{126} = 95.2 \%$

Total number of selected respondents 126

#### 4.1. Reliability Test

To study variability of the data collected, reliability test was done on the data collected on each statements. Reliability test was made using Cronbach's Alpha (<http://www.youtube.com/watch?v=fmFojZtZCRQ>, 2019). In the study a very high chronbach's Alpha value was realized (the more it tends to 1 the better it is) see the table below which proves that the data is highly reliable

**Table 4.1 Reliability Statistic**

<b>Reliability Statistics</b>		
Variables	Cronbach's Alpha	N of Items
Strategic Supplier Partnership	.774	6
Customer Relationship	.811	6
Internal Operation Efficiency	.780	5
Information Sharing	.772	5
Competitive Positioning	.700	5
<b>Cumulative Cronbach's Alpha</b>	<b>.767</b>	<b>27</b>

**Source: Own Survey Result, 2019**

As per the above table the average reliability test result is .767 this implies that the variability of the data collected was reliable.

#### 4.2. Data Processing

The completed questionnaire were coded in excel and inserted into SPSS version 20. This software program was used to analyze the data. Descriptive statistical analysis used to reduce large amount of data to summarize frequencies, means and standard deviations. Based on the descriptive statistics the collected data for each question and respondents were summarized and addition to this to analysis the data the researcher used regression and correlation analysis with the support of this software package.

#### 4.3. Demographics Respondent

**Table 4.2 Demographic respondent**

Female or Male					
Variables		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	70	58.3	58.3	58.3
	Female	50	41.7	41.7	100
	Total	120	100	100	
Average annual sales					
Valid	under 50	7	5.8	5.8	5.8
	51 to 100	23	19.2	19.2	25
	101 to 150	55	45.8	45.8	70.8
	151 to 200	22	18.3	18.3	89.2
	Above 201	13	10.8	10.8	100
	Total	120	100	100	
Average Annual net Profit					
Valid	Less under 10	5	4.2	4.2	4.2
	11 to 20	32	26.7	26.7	30.8
	21 to 30	38	31.7	31.7	62.5
	31 to 50	22	18.3	18.3	80.8
	51 to 80	17	14.2	14.2	95
	Above 80	6	5	5	100
	Total	120	100	100	

Year of worked in the company					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Under 2 years	6	5.0	5.0	5.0
	3 to 6 years	48	40.0	40.0	45.0
	7 to 10 years	30	25.0	25.0	70.0
	Over 10 years	36	30.0	30.0	100.0
	Total	120	100.0	100.0	
Job Function					
Valid	Manager	6	5	5	5
	Division Head	15	12.5	12.5	17.5
	Section Head	24	20	20	37.5
	Expert	34	28.3	28.3	65.8
	Officer	21	17.5	17.5	83.3
	Junior Officer	15	12.5	12.5	95.8
	Forman	3	2.5	2.5	98.3
	Other	2	1.7	1.7	100
	Total	120	100	100	
Education Level					
Valid	10 or 12 grade on study	2	1.7	1.7	1.7
	10 or 12 Completed	12	10	10	11.7
	Diploma	29	24.2	24.2	35.8
	First Degree	73	60.8	60.8	96.7
	Second Degree	3	2.5	2.5	99.2
	PHD	1	0.8	0.8	100
	Total	120	100	100	

**Source: Own Survey result, 2019**

From the total 120 respondent 50 (41.7 %) of them are Female respondent and 70 (58.3 %) of them respondent are male, this implies that male respondent greater than Female.

As indicated in Table 4.2 most of the respondents were categorized under Expert (28.3 %).Section head (20.0 %), Officer (17.5 %), Junior officer (12.5 %), Division Heads (12.5 %), Managers (5 %) ,Forman ( 2.5 %) and (other 1.7 % ) of the total valid respondents.

From this we can assume that as this level of position they are well informed in practically implemented the concept of supply chain management practice. Hence, the response could be reliable.

As indicated in Table 4.2 most of the respondents (40 %) were working at the Tea processing and packing for 3– 6 years, (30 %) were working over ten years, (25 %) were working for 7 – 10 years and ( 5 %) under two years. From this it is possible to say that the respondents were well aware about their organization supply chain management practice because 95 % of respondent were working for Tea processing and packing Factory over 3 years.

As indicated in Table 4.3 most of the respondents educational level was 1st degree (60 .8 %), diploma holders were (24.2 %), second degree holders were (2.5 %), (0.8 %), 10 or 12 grade completed were (10.0 %), PHD holders were (0.8 %) and the rest 1.7 % were below diploma.

#### **4.4. Descriptive Analysis**

##### **Respondents' perception towards the extent of Supply Chain Management Practices**

The perception of respondents on the SCM practices described in view of strategic partnership, customer relationship, internal operation efficiency, important of information sharing and competitive positioning.

According to Kumer (2014) ,the ,mean score below 3.39 is considered as low ; the mean score from 3.40 up to 3.79 is considered as moderate and the mean score above 3.8 is considered as high as it shown in the table below .

##### **4.4.1. All Variables [Independent and dependent variables ]**

The respondents were asked about their practice of Supply chain management and the major competitive positioning element of tea processing and packing factory. As described in the below table 4.3. Indicated that all five dependent and independent variables the mean and standard deviation result. These five variables indicate the extent of Tea processing and packing factory practice in terms of supplier and customer relationship, way of information sharing within the supply chain and the factory internal operation efficiency capacity.

**Table 4.3: Mean and Standard deviation Descriptive statistics result**

<b>Variables</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
Strategic Supplier Partnership	120	3.3667	0.64336
Customer Relationship	120	3.4389	0.68869
Internal Operation Efficiency	120	3.4383	0.70642
Information Sharing	120	3.4954	0.68101
Competitive Positioning	120	3.6083	0.60884
Valid N (list wise)	120		
<b>Average Mean</b>		3.469	

**Source: Own survey result, 2019**

As presented in Table 4.3 it is understood that the mean values of all variable were between 3.3667 and 3.6083. The average mean value of the all variables is 3.469 and this showed as there is a moderate and implies that half and above respondent agreed that supply chain management practices positively implemented and giving the competitive advantage to the company through implementing supplier partnership, good customer relation, building and using internal operation properly and good information sharing follow both downstream and upstream within the supply. As stated in the literature review section selecting the right suppliers, implementing good customer relationship and, forming strategic supplier partnership with firms are keys to success.

#### **4.5. Correlation Analysis**

Correlation test is show the strength of the association or the relationship between the variables involved .Inter- correlations coefficients (r) were calculated by means of Pearson's product moment and Pearson's correlation was used to investigate the interrelations amongst the variables.

According to Cohen (1988), r 0.10 to 0.29 may indicted as low degree of correlation, r 0.30 to 0.49 may be indicting a moderate degree of and r result from 0.50 to 1.00 assigned as a high degree of correlation.

**Table 4.4 : Correlations among variables**

<b>Correlations</b>						
Variable		Strategic Supplier Partnership	Customer Relationship	Internal Operation Efficiency	Information sharing	Competitive positioning
Strategic Supplier Partnership	Pearson Correlation	1	.559**	.533**	.525**	.586**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	120	120	120	120	120
Customer Relationship	Pearson Correlation	.559**	1	.579**	.510**	.701**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	120	120	120	120	120
Internal Operation Efficiency	Pearson Correlation	.533**	.579**	1	.505**	.582**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	120	120	120	120	120
Information sharing	Pearson Correlation	.525**	.510**	.505**	1	.596**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	120	120	120	120	120
Competitive positioning	Pearson Correlation	.586**	.701**	.582**	.596**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	120	120	120	120	120
**. Correlation is significant at the 0.01 level (2-tailed).						

**Source: Own survey result, 2019**

As per the above table 4.4 correlation among variables indicates that all correlation result positive this implies that among variables they have positive relationship. As per the above table correlation result the relation between and among variables is above 0.5 this implies that strong relationship between or among variables.

#### **4.6. Regression Analysis**

Linear regressions were conducted to identify the relationship and to determine the most dominant variables that Competitive positioning. And also Regression analysis was used in

order to estimate or predict the effect of independent variable on dependent variable. The significance level of 0.05 with 95% confidence interval was used.

The dependent variable was Competitive positioning and the independent variables include Strategic supplier relationship, Customer relationship, internal operation efficiency, and importance of information sharing. The reason for using regression analysis was to assess the direct effect of Supply chain management practices on the Competitive positioning of Tea processing and packing Factory.

#### 4.6.1. Common Assumption Test:

The following are common assumption tests of leaner regression done on this study.

##### 4.6.1.1. Multi Collinearity Assumption Test

According to [Cochran,1977] stated that presence of multi collinearly can be detected by just looking at variance inflation factor [VIF] value of each explanatory variable .That is ,if VIF is more than 10 ,then, it signifies that there is interdependent among independent variable but all variables less than 10 it have no interdependence among variables .Or in other round Multi Collinearity occurs when independent variables in the regression model are more highly correlated with each other than with the dependent variable .Tolerance value and variation inflation factor [VIF] for each in dependent variables determines Multi Collinearity.

Multi Collinearity is problem and exists when tolerance is below 0.10 and average VIF is larger than 10. The multi collinearity test conducted showed that multi collinearity was not problem because tolerance value was not below 0.10 for each in dependent variable and variation inflation factor for each independent variable was not great than 10.

**Table 4.5 Multi Collinearly assumption test**

Variable		Collinearity Statistics	
		Tolerance	VIF
	strategic Supplier Partnership	.576	1.735
	Customer Relationship	.551	1.814
	Internal Operation Efficiency	.572	1.747
	Information sharing	.625	1.600
a. Dependent Variable: Competitive positioning			

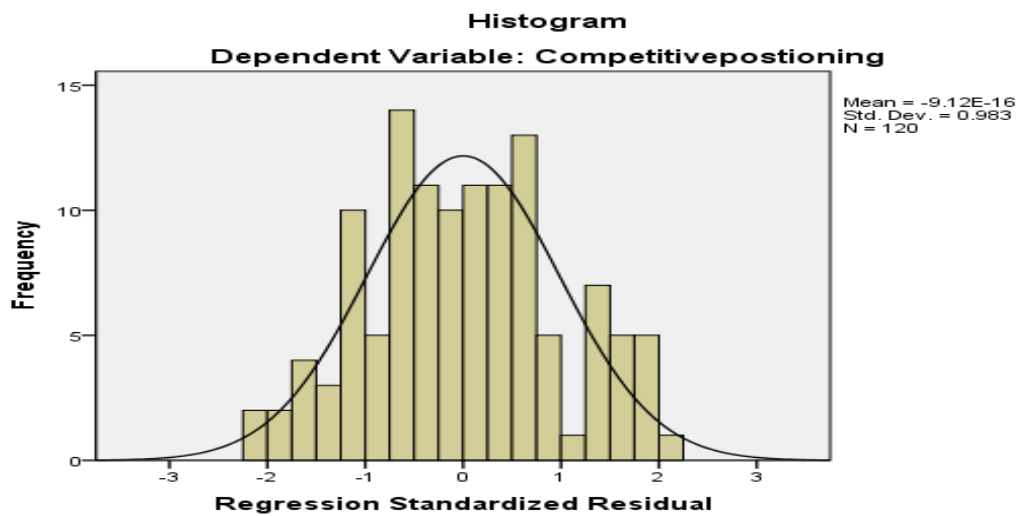
**Source: Own survey result, 2019**

The above table 4.5 indicates that the VIF values for Supplier partnership, Customer relationship, internal operation efficiency and importance of information sharing are below 10, tolerance result above 0.10 and this was imply that there is no interdependence among independent variables. Hence, the Multi collinearly assumption is fulfilled in the study.

#### 4.6.1.2. Normality Test for Residuals

This study is a test for normality assumption and is offered graphically as follows

**Figure 2: Normality Test for Residuals**



**Source: Own survey result, 2019**

If the residuals are normally distributed, the histogram should be bell-shaped Bryman,(1988).

Therefore, from the above figure, the histogram is bell-shaped; this implies that the residuals are normally distributed .Once the Normality assumption is fulfilled.

#### 4.6.1.3. Autocorrelation Assumption Test

The Dubin-Watsun statistic is a number that test for autocorrelation in the residuals from a statistical regression analysis .The Durban-Watson statistics always between 0 and 4 .The value 2 means that there is no autocorrelation in the sample of the study .Values approaching 0 indicate positive auto correlation and values toward 4 indicates negative autocorrelation [Bryman ,1988] .



**Table 4.6: Durban-Watsun [Auto correlation assumption Test result]**

Model	Durbin-Watson
1	1.998
a. Predictors: (Constant), Information sharing, Internal Operation Efficiency, strategic Supplier Partnership, Customer Relationship	
b. Dependent Variable: Competitive positioning	

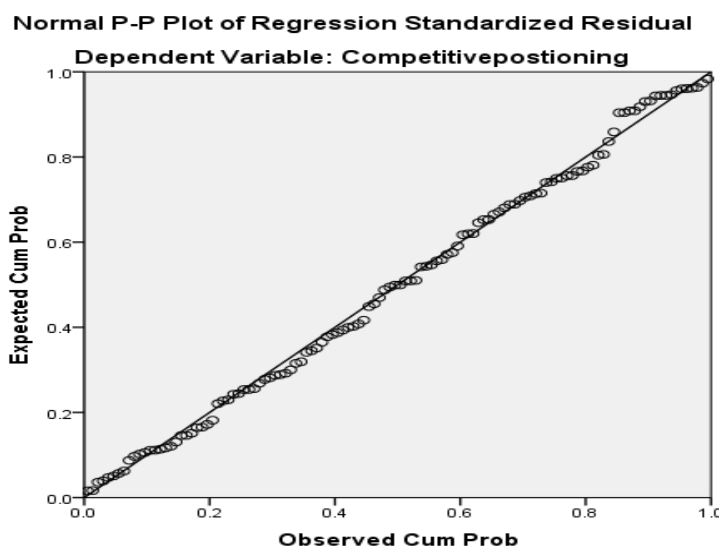
**Source: Own survey result, 2019**

From the above table 4.20 indicates that the value Durbin-Watson Statistic result 1.873. Thus, this study has tested for assumption of autocorrelation and there is no autocorrelation from the above result .Hence, the autocorrelation assumption is fulfilled.

**4.6.1.4.Linearity Test**

Linearity refers to the degree to which the change in the dependent variables is related to the change in the independent variables .The best test for normally distribute error is Normal probability plot of the residuals .if the distribution is normal, the points on such a plot should fall close to the diagonal reference line .therefore the below p-p plot approximately fail close to the diagonal reference line .thus it fulfills the linearity assumption of linear regression.

**Figure 3: Normal p-p plot of regression**



**Source: Own survey result, 2019**

#### 4.6.1.5.ANOVA Model fit

**Table 4.7: Model fit [ANOVA<sup>a</sup>]**

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	26.574	4	6.644	43.565	.000 <sup>b</sup>
	Residual	17.537	115	0.152		
	Total	44.112	119			
a. Dependent Variable: Competitive positioning						
b. Predictors: (Constant), Information sharing, Internal Operation Efficiency, strategic Supplier Partnership, Customer Relationship						

**Source: Own survey result, 2019**

In linear regression analysis it is assumed that there is a leaner relation between the predictors and the dependent variable .This study measured the linearity by testing the goodness of fit of the model by Conducting ANOVA test.

The test hypotheses are:

HO: The model is not a good fit

H1: The model is a good fit

**$\alpha = 0.05$**

From the table 4.7 is ANOVA test, it is noticed that F value of 43.565 is significant at the 0.000 level. Therefore, from the result, it can concluded that the model is a good fit .Since, the P-value [SIG] 0.000 is less than  $\alpha = 0.05$  this result indicates a linear between the dependent variables and the independent Variables .Therefore, as per the above table ANOVA result the model is appropriately.

#### 4.7. Regression Result and Discussion

Regression analysis applied to examine and investigate the effect of Supply Chain management practices on Competitive positioning .The coefficient of determination –R2 is the measure of proportion of the variance of dependent variables, and the mean that is explained by independent or predictor variables [Saccani, 2007].

**Table 4.8: Model Summary [independent variables as predictors to Competitive Positioning]**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.776 <sup>a</sup>	.602	.589	.39051
a. Predictors: (Constant), Information sharing, Internal Operation Efficiency, strategic Supplier Partnership, Customer Relationship				
b. Dependent Variable: Competitive positioning				

**Source: Own survey result, 2019**

Table 4.8 presents the model summary which states that **Competitive Positioning** as a function of Supplier partnership, Customer relationship, internal operation efficiency, and importance of information sharing. Based on the above model summary R Square value indicated that the independent variables explained the dependent variable by 60.2 % . This result implies Supply chain Management practices or element factors accounted 60.2 % of the variance in Competitive positioning.

**Table 4.9: Coefficients**

Coefficients								
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.708	.228		3.107	.002		
	Strategic Supplier Partnership	.149	.073	.157	2.033	.044	.576	1.735
	Customer Relationship	.365	.070	.413	5.213	.000	.551	1.814
	Internal Operation Efficiency	.123	.067	.142	1.833	.069	.572	1.747
	Information sharing	.207	.066	.231	3.106	.002	.625	1.600
a. Dependent Variable: Competitive positioning								

**Source: Own survey result, 2019**

Regression equation is stated as:

$$Y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \dots + \beta_k X + e_i$$

Where:

- $\beta_0$  = point of intercept
- Y = the Competitive position of Tea processing and packing Factory
- $X_k$  = Supply chain management practices element in Tea processing and packing factory
- $B_k$  = slop of the line
- $e_i$  = error term

As per the above table 4.9 the explained regression equation is stated as:

- Competitive positioning =  $0.768 + 0.149 * SPS + 0.365 * CR + 0.123 * IOE + .203 * IS$ :
- Where SPS = Supplier Partnership, CR = Customer Relationship, IOE = Internal operation efficiency and IS = information sharing

Based on linear regression analysis, the table above reveals the Effect of each supply chain management element, i.e. the Effect of Supplier partnership, Customer relationship, internal operation efficiency, and Importance of information sharing on Competitive positioning of Tea processing and packing Factory are 0.149, 0.365, 0.123 and 0.207, respectively. By examining this  $\beta$  weight of data analysis result and level of significant, the finding shows that Supplier partnership, Customer relationship and information sharing have greater effect on Competitive positioning of Tea processing and packing Factory on the other hand internal operation efficiency not that much effect on Competitive positioning . And this implies that the predicted change in the dependent variable for every unit increase in that particular predictor.

This signifies a one percent increase in the value of Supplier partnership; the Competitive position of Tea processing and packing Factory will increase by 0.149 percent provided that other variables remain constant the same is true for other variables for Customer relationship and importance of information sharing of Tea processing and packing Factory .Therefore we can conclude that Supplier partnership, Customer relationship and information sharing have statistically significant Effect on Competitive positioning of Tea processing and packing Factory . On the other hand, the  $\beta$  value of Supplier partnership, Customer relationship, and

information sharing is 0.149, 0.365, and 0.207 respectively and the significance level is greater than 0.05. Therefore we can conclude that these independent variables have a significant effect on Competitive position but on the other hand internal operation efficiency not a significant effect on competitive positioning of Tea processing and packing Factory because of less Beta value is was 0.123 as per the table 4.9 result and also the p-value above 0.05 .

Generally, the main purpose of this study is to analysis the effect of supply chain management element on Competitive positioning of tea processing and packing factory. From the above data analysis, Supply chain management elements which are, Supplier partnership, Customer relationship, internal operation efficiency and information sharing has effect on competitive positioning at 5 % level of significance.

#### **4.8. Hypothesis Testing**

The purpose of the hypothesis was to analyze whether there was independent variables [Supplier partnership ,Customer relationship, internal operation efficiency and information sharing ] has a significant effect on dependent variables [Competitive positioning ] .And one of the most commonly used methods in statically decision making is hypothesis testing .

The hypotheses test include two hypotheses : the null hypothesis [denoted by  $H_0$  ] and the alternative hypothesis [donated by  $H_a$ ] .The null hypothesis is the initial claim and is often specified using previous research or common knowledge .The alternative hypothesis is sometimes referred to as the research Hypothesis .

The decision making process for Hypothesis test can be based on the probability value [p-value] for the given test that is:

- If the p-value is less than or equal to a predetermined 0.05 level of significance ,then we reject the null hypothesis and claim support for the alternative hypothesis
- If the P- value is greater than 0.05 level of significance value, we fail to reject the null hypothesis and cannot claim support for the alternative hypothesis.

Bases on this the researcher developed four hypotheses to check the effect of supply chain management practices on Competitive positioning.

At the 5% significance level, determine if the model is useful for predicting the response bases on this Hypothesis analysis implemented:

Ho: independent variables do not have a significant Effect on competitive positioning

Ha: independent variables have a significant Effect on competitive positioning.

The Significance Level  $\alpha = 0.05$  and Reject the null hypothesis if  $p\text{-value} \leq 0.05$ .

The ANOVA table 4.8 shows that (Test Statistic and p-value),  $F = 43.565$ ,  $p\text{-value} < 0.05$  since  $p\text{-value} \leq 0.05$ , we rejected the null hypothesis.

At the  $\alpha = 0.05$  level of significance, evidence to conclude that all independent variables are useful for predicting Competitive positioning; therefore the model is useful and accepted the alternative hypothesis; as per table 4.9 Beta result all variables are positive Beta value and with the exception internal efficiency independent variables the rest independent variables Significance level less than 0.05 this implies that strategic supplier partnership, customer relation and information sharing has a significant effect on Competitive positioning and there is evidence to reject the null hypothesis and to accept the alternative hypothesis but on the other hand as per the above Coefficients[ 4.9] table result there is no evidence to reject null hypothesis of Internal operation efficiency even if there is a positive result on Beta value because the significant value greater than 0.05 on Competitive positioning .

#### 4.8.1. Summary of Hypotheses Result

**Table 4.10: Summary of Hypotheses Testing**

Type	Hypothesis	Result	Reason
Ho1	Strategic supplier partnership have no significant effect on Competitive positioning	Rejected	B=0.149,P<0.05
Ha1	Strategic has significant effect on competitive positioning	Accepted	
Ho 2	Customer relationship have no significant effect on Competitive positioning	Rejected	B=0.365,P<0.05
Ha2	Customer relationship have no significant effect on Competitive positioning	Accepted	
Ho3	Internal Operation Efficiency have no significant effect on Competitive positioning	Rejected	B=0.123, P>0.05
Ho3	Internal Operation Efficiency have no significant effect on brand image	Rejected	
Ho4	Information Sharing have no effect on Competitive positioning	Rejected	B=0.207,P<0.05
Ho4	Information Sharing have no effect on competitive positioning	Accepted	

Source: Own survey result, 2019

## CHAPTER FIVE

### SUMMARY OF FINDING, CONCLUSION AND RECOMMENDATION

#### 5.1 Summary of Major Finding

The researcher was carried out in order to find out the effect of supply chain management practices on competitive position of tea processing and packing factory.

Causal research design was employed and data were collected from 120 tea processing and packing factory employees. In line with the objectives the following are the major finding of the study :

120 tea processing and packing factory employees were participated on the study where 58.3 % of the respondents were male and the rest were 41.7 % female respondents and the majority of the respondents these means 85 % were Degree and Diploma holders apart from these the very majority of the respondents year worked were in tea processing and packing factory 3 years and above and at the end the other hand the majority of respondents working as on or above officer level in general this showed that represent how much of the respondent are align with supply chain management practices and positions ,educational level and years worked are matter to determine the supply chain management practices and competitive advantage in Tea processing and packing Factory .

From finding of quantitative or Correlation result showed as among or between dependent [Competitive position] and independent variables [Supplier partnership, Customer relationship, internal operation efficiency and information sharing] have positive relationship.

From the finding the detail results on correlation results are here under:

- The correlation between supplier partnership and competitive position is positive and significantly correlated at [  $r=0.586$ ,  $P<0.01$  ], this shows that the relationship between the two variables is good .
- The correlation between supplier partnership and competitive position is positive and significantly correlated at [  $r=0.701$ ,  $P<0.01$  ], this shows that the relationship between the two variables is strong .

- The correlation between supplier partnership and competitive position is positive and significantly correlated at [  $r=0.582$ ,  $P<0.01$  ], this shows that the relationship between the two variables is good .
- The correlation between supplier partnership and competitive position is positive and significantly correlated at [  $r=0.596$ ,  $P<0.01$  ], this shows that the relationship between the two variables is good .(See table 4.4)

Find from regression analysis result:

- The independent variables selected for the model, [Supplier partnership, customer relationship, internal operation efficiency, and information sharing], and 60.2 % of the variation on competitive position .but the rest variations 39 % are from extraneous variables. This result implies Supply chain Management practices or element factors accounted 60.2 % of the variance in Competitive positioning .So, Supply chain management elements variables explained the Competitive positioning by 60.2 % ( see table 4.8)

The find from regression analysis showed that there are other factors or variables that have not including in the research which affected positively on the competitive positioning of tea processing and packing factory.

In the general, the cause and effect of four variables with competitive position of tea processing and packing factory is analyzed with help of SPSS version 20, and internal operation efficiency weeks on Beta and week significant effect on competitive positioning of tea processing and packing factory.

The finding of hypothesis 1 shows that the path between Supplier partnership and Competitive position is insignificant, that is, ( $\beta=0.149$   $p<0.05$ ). In other word, Supplier partnership has positive effect on Competitive position. Hence, the hypothesis is supported.

With regards to hypothesis 2, the result shows that the path between Customer relationship and Competitive position is significant, that is, ( $\beta=0.365$ ,  $p<0.05$ ). Simply put, Customer relationship association has strong positive effect on Competitive position. Hence, the hypothesis is supported.



According to the finding of hypothesis 3, the path between internal operation efficiency and competitive position is low significant, that is, ( $\beta=0.123$ ,  $p>0.05$ ). Put in plain words, perceived quality has an insignificant positive effect on Competitive position of tea processing and packing factory. Hence, the hypothesis is not supported.

The finding of hypothesis 4 shows that the path between Information sharing and Competitive position is significant, that is, ( $\beta=0.207$ ,  $p<0.05$ ). In other word, information sharing has a significant positive effect on competitive position. Hence, the hypothesis is supported. This implies that information sharing has a significant positive effect on Competitive positioning. In General on the above Hypothesis finding and result customer relationship, information sharing and Supplier partnership in tea processing and packing factory happens to be the first, second and third from supply chain dimension that has a significant positive effect on Competitive positioning respectively but as per the finding of the study internal operation efficiency insignificant effect on Competitive position of tea processing and packing factory.

## **5.2. Conclusion of the Study**

The main purpose of this study is to assess the effect of supply chain management practices on competitive position of tea processing and packing factory and based on the research objectives, analysis of the data and finding of the study the following conclusion are drawn:

- From the demographic data of the respondents one can concluded that as statistics indicates that the majority of the respondent are above diploma and have position above and on officer position this help the factory to easily practices supply chain element to boost competitive advantage of the Tea processing and packing Factory on local and global Tea market .
- The correlation analysis showed that the exist significant and positive relationship among and between independent variables and competitive positioning .Therefore improvement and interrelation in all independent variables can increase the competitive positioning of tea processing and packing factory and also increasing integration of supply chain management practices and to overcome and keep the factory distinctive competency .
- From the regression and hypothesis result showed as all supply chain practices positive and significant effect on competitive positioning of tea processing and

packing factory with exception of internal operation efficiency ,this independent variables have positive effect but not supported by hypothesis .

Generally as this study finding and result concluded that supply chain management practices have a positive effect on competitive position this revealed that more to do on independent variables will help tea processing and packing factory to have competitive advantage on tea market. Over all based on the analysis we can conclude Supply chain management practices has statistically significant effect on Competitive positioning of tea processing and packing factory. Bases on this conclude that tea processing and packing factory managers need to consider taking and implementing supply chain management practices in as more effective and power full tools in the success of competitive position is immense.

### **5.3. Recommendations**

The researcher believes that the study could contribute to the SCM practices in competitive positioning of tea processing and packing factory. So, the main recommendations derived from this study could be:-

1. Ethiopia has great potential to produce tea with relatively its cheap labor force. Through using this resource Tea processing and packing factory can be increased competitiveness if attention is given to supply chain management of the sector as a whole. An integrated supply chain including tea plantations, out growers, tea processing and packing factory, and whole sellers, transporters and the like can increase the competitiveness of the tea sector. So, tea processing and packing factory must broaden their area of strategy analysis and decision making to encompass not only the internal business units but also the whole supply chain. In modern highly competitive markets there has been reorientation of supply chain management practices to wards collaboration between supply chain partners, strategic supplier partnership with dependable suppliers, fast and accurate information sharing and strong relationship with customers are and important way of sustaining competitive positioning of the tea marketing. Competition is no longer between individual tea firms but between their supply chains so tea processing and packing factory it is good if recheck set strategy to build the relation between supplier and with customer as well ; it is good if implement this recommendation, because this will give competitive advantage in tea industry and will help them to improve competitiveness.

2. Supply chain integration emphasizes effective and efficient flow of information and physical items to meet customer needs starting from sources of supply of raw materials to produce consumption by end customers. Managing this process requires need to close collaboration between different parties in the supply chain. Business today has become very complex that it has been in the past.

The process of modern business is characterized by such more interconnected and interdependent. Individual company future success will depend greatly on the ability of managers to integrate the company's network and relationship with other business partners. The tea processing and packing factory face global and local competition demands the need for relationship between suppliers, internal process and customers to facilitate the flow of inbound and outbound information and the flow of information and services thus, the sharing of information within tea processing and packing factory, and with suppliers and other strategic alliance and creating customers relationship are very important and will give competitive positioning within tea marketing so the researcher recommend to implement different automated information sharing system across the supply chain .

Therefore, Tea processing and packing factory has to give special attention to firm supplier integration, internal firm integration and firm customer integration. Hence, Tea processing and packing factory need to give due consideration for the infrastructure development and trust building among themselves to develop and share information so that, they will be in competitive position in the end.

3. Internal operations efficiency has been a major competitive tool for firms as it is instrumental in helping to cope with uncertain environment and turbulent market. In this aspect Tea processing and packing factory week. Therefore, special attention should be given to improve internal efficiency since internal operations efficiency is the basis for developing competitive position before embarking into external relationships. Developing a multi-skill working maintenance, capability, replacing outdated machineries by modern ones are some of the measures that should be taken. They are also expected to capitalize on improving production process, layout and scheduling since flexibility in an operation can hold significant advantages such as speeding up response rates to customers. It also saves time for adapting to situations and maintains dependability to keep the operation on schedule when unexpected events disrupt the expansions.

#### **5.4. Direction for future research**

Due to time and resource constraints, the researcher did not incorporate the upstream suppliers and downstream customers. Various secondary data sources were not used to validate the responses. It only depends on responses based on the perception of the selected respondents 126 generalization of these results is limited. However, the researcher believes that it could be seen as a spring board for future similar research.

## References

- Agriculture in Ethiopia Wikipedia, the free encyclopedia accessed on May 20, 2014.
- Bereket Tefera, Management Consultancy Service Tea Processing and Packing Factory
- Chewaka Tea Estate. Available on <http://www.eastafricanholding.com>. (Accessed on Sept 20,2014).
- Chopra,S and Meindl.P 2001. Supply Chain Management:- Strategy Planning and Operation.
- Clemans E 2000. Gaining the Power Play in the New Economy, Financial times June 13.
- Day, M. and Lichtenstein, S.2006. Strategic Supply Management: The Relationship between Supply Management Practices, Strategic Orientation and their Impact on Organizational Performance. Journal of Purchasing and Supply Management, 12(1): 313.
- Diamantopoulos A.,&Schlegelmilch BB. 2000. Taking the Fear Out of Data Analysis.
- EthioAgri-CEFT Tea Plantation and Factory. Available on <http://www.ethioagriceft.com>. (Accessed on May 29,2014).
- Ethiopian Investment Agency, [www.eia.gov.et](http://www.eia.gov.et) accessed on May 2014.
- Expansion Project Study June 2014) □ TIRET, The MIDROC Ethiopia Group Magazine April, 2008.
- Grant RM. 2010. Contemporary Strategy Analysis 7th edition.
- GrewalDhruv& Levy Michael 2010. Marketing 2nd edition.
- Hill, CWL. 2011, International Business Competing in the Global Market Place, 8th edition.
- Jay Heizer and Barry Render, 2011. Operations Management 10th edition.
- Kotzar, H.,Seuring, S., Muller, M.and Reiner, G. 2005, Research Methodologies in Supply Chain Management, Yhisica-Verlag, Germany: Heidelberg

- Lambert, D.M., Dastugue, S.J and Eroxtton K,L. 2005. Research Methodologies in Supply Chain Management Framework. *Journal of Business Logistics*, 26: 25-51.
- LeedyPD.,&Ormord JE. 2010. *Practical Research Planning and Design* 9th edition.
- Li, S, Ragu-Nathan, B, Ragu-Nathan, T.S., and Rao,S. Subba (2005). "Development and Validation of Measurement Instrument for Studying Supply Chain Management Process" *Journal of Operation Management*, 23(1) 618-641.
- Li,S., Nathan, B.R, Nathan, T.S and Rao, S.S.2006. The Impact of Supply Chain Management Practices on Competitive Advantage and Organizational Performance, *The International Journal of Management Science*, 36(1): 107-124.
- Logistics B. Brindlay C. 2000 Disinter Mediatory. dis-mitigation and risk in the SME global supply chain management decision 38(8) 575-583.
- Moberg, C.R. Cutler, B.D, Gross A, Speh, T.W (2002). Identifying Antecedents of Information Exchange with in Supply Chains, *International Journal of Physical Distribution and Logistics Management* 32(9): 755-770.
- Monczka Robert M.Handfield Robert B.GiunigeroLarrye and Patterson James L, 2009
- Ounnar, F., Pujo, P., Mekaouche, L., and Giambiast, N. (2007), Customer Supplier Relationship Management in an Intelligent Supply Chain Network: Production, Planning and Control. Taylor and Frabcies Ltd. 18(5): 377-387. 93
- Purchasing and Supply Chain Management 4th edition. □ Fawcett Stanley E., Ellram Lisa M. and Ogden Jeffrey A. 2007. *Supply Chain Management-*
- Ramaseshan, B., Bejou, D., Jain, S.C., Mason, C. and Pancras, J. 2006. Issues and Perspectives in Global Customer Relationship Management, *Journal of Service Research*, 9(2): 195-207.
- Richards. K.A. and Jones,E.2008. Customer Relationship Management: Finding Value Drivers, *Industrial Marketing Management* 37(1): 120-130.

Samiee, S. and Watter, P.G. 2006. Supplier and Customer Exchange in International Industrial Markets:- An Interactive Perspective Industrial Marketing Management, 35(1): 589-599.

Thatte, A.A.2007. Competitive Advantage of a Firm through Supply Chain Responsiveness and SCM Practices. Doctoral Dissertation, University of Toledo. Toledo OH.

Thompson AA, Peteraf MA, Gamble JE, and Strick land Aj, 2012. Crafting and Executing Strategy: Concepts and Cases 18th edition.

Upper Saddle River, Nj: Prentice Hall.

## **Appendices**

### **Appendix A**

**St' Marry University School of Graduate Study**

**Department of Business Administration**

[Regular program]

Dear Respondent

Tea Processing and Packing Factory

Addis Ababa

I am a final year Master of Business Administration in General Management student at St' Marry University School of Graduate. Currently, I am conducting research for my MBA. The research that I have chosen is entitled: "The effect of Supply Chain Management practice on the competitive positioning of Tea Marketing: The case of Ethio Agree CEFT Tea Processing and Packing Factory.

It is known that nowadays markets became global, so did the challenges of competition. Organizations began to realize that it is not enough to improve internal efficiencies, but their whole supply chain has to be made competitive since competition is no longer between organizations, but among supply chains. So, the understanding and practicing of SCM has become an essential prerequisite for staying competitive in the global race and for enhancing profitability.

This is therefore; I would appreciate if you could assist my research by completing the attached questionnaire.

Your response will be treated strictly confidential and the anonymity of respondents is assured. The data gathered through this research will be used only for academic purpose & will be kept confidential.



If you would like to get a copy of the executive summary of results, you can contact me through the below address. Thank you in advance for your assistance. Please do not hesitate to contact me, if you require further clarification.

Note: Writing your name on the questionnaire is not necessary

Kind Regards,

Misrak Demissie Demeke

Mobile no: 0911-05-42-33 /0923-36-72-95 Email: [misrakdemissie15@gmail.com](mailto:misrakdemissie15@gmail.com)

### Back Ground Information

The questions have alternative answers, so put a  mark on the chosen box.

1. Gender

Male  Female

2. Average annual sells of your company in millions (Birr)

Under 50  51to 100  101 to 150  151 to 200  Above 201

3. Average annual net profit of your company in millions (Birr): Less Under 10

11 to20  21 to 30  31 to 50  51 to 80  above 80

4. The years you have worked for these company Under 2 years  3 to 6 years

7 to 10 years  over 10 years

5. Your present job function Manager  Division Head  Section head

Expert  Officer  Junior Officer  Mechanic  Forman

Other (Please indicate) -----

6. Your educational level On 10 grade  10<sup>th</sup> or 12<sup>th</sup> Completed

Diploma  First Degree  Second Degree  PHD

## General Instructions and Information

- All of the questions can be answered by simply encircle the appropriate answers in which you deem right
- Only one best answer for each question .Please answer all questions.
- Please use the following rating scale to select appropriate replay for the statements and The number represents the following:

**1 = Strongly Disagree      2 = Disagree      3 = Neutral      4 = Agree      5 = Strongly Agree**

<b>A</b>		<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
<b>A</b>	<b>Strategic supplier partnership</b>					
1	We entered into long term contract arrangement with suppliers	1	2	3	4	5
2	We regularly solve problems jointly with our suppliers	1	2	3	4	5
3	There is trust between our firm and suppliers	1	2	3	4	5
4	We include our key suppliers in planning and goal-setting activities	1	2	3	4	5
5	We actively involve our key suppliers in new product design and development processes	1	2	3	4	5
6	We consider Quality as Our number one Criterion in Selecting Suppliers	1	2	3	4	5
<b>B</b>	<b>Customer Relationship</b>					
7	We employed follow-up procedures for customer inquiries and complaints	1	2	3	4	5
8	We frequently measure and evaluate customer satisfaction and retention	1	2	3	4	5
9	The level of trust between our firm and customers strong	1	2	3	4	5
10	We entered into long term contract arrangement with trustworthy customers	1	2	3	4	5
11	We include our key customers in our planning and goal- setting activities	1	2	3	4	5
12	We frequently interact with customers to set reliability, responsiveness and other Standards for us.	1	2	3	4	5
<b>C</b>	<b>Internal Operations Efficiency</b>					
13	Our operations system responds rapidly to changes in product volume demanded by customers	1	2	3	4	5
14	Our operations system responds rapidly to changes in product/Marketing mix demanded by customers	1	2	3	4	5
15	Our operations system rapidly reallocates resources	1	2	3	4	5

	to address demand changes					
16	Our department works in close coordination and integration with other departments within the factory	1	2	3	4	5
17	We consult other departments when making our work decisions	1	2	3	4	5
<b>D</b>	<b>Importance of Information Sharing</b>					
18	We inform Supply chain partners in advance related to forecast of demands	1	2	3	4	5
19	The information flow between our firm and supply chain partners [ Farms ,Distributor ,suppliers , retailer end Consumer ]is reliable and complete	1	2	3	4	5
20	We used web-based data exchange with our supply chain partners	1	2	3	4	5
21	Information exchange between our Supply chain partners and us is timely.	1	2	3	4	5
22	We and our Supply chain partners keep each other informed about events or changes that may affect the other partners.	1	2	3	4	5
<b>E</b>	<b>Competitive positioning</b>					
23	The capability to compete on prices as low or lower than our competitors- cost leadership	1	2	3	4	5
24	The capability to offer consistent and high quality products and service to our customers than our competitor	1	2	3	4	5
25	The extent of market share growth high compared with competitors	1	2	3	4	5
26	The capability to provide dependable and on-time delivery of customer orders	1	2	3	4	5
27	We are first in the market in introducing new products or the ability to design new products	1	2	3	4	5