



**SUPPLY CHAIN QUALITY MANAGEMENT PRACTICES ON PERFORMANCE
OF LARGE SUPERMARKETS IN NAIROBI CITY COUNTY, KENYA**

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ABSTRACT

The main objective of the study was to investigate supply chain quality management practices on performance of large supermarkets in Nairobi County, Kenya. The study objectives include determine the role of customer focus, and procurement decentralization on the performance of supermarkets in Nairobi County. The unit of analysis was five large supermarkets in Nairobi County. The unit of observation was 272 management staff (Branch, Operations, Stores, and Sales managers). Yamane (1967) formula was used to calculate the sample of 162 management staff. In this study, primary data will be collected using questionnaire technique. An ethical clearance letter was obtained from institutional review board and a research Permit was obtained. Permission was then sought from the management of respective foreign supermarkets to carry out the research. The questionnaires were by most respondents. Research responses were coded, entered, and analyzed using Social Package for Social Sciences (SPSS) Version 25. The content of the questionnaire was approved by supply chain professionals and was also proved to be similar to other related studies. There is a strong significant relationship between customer focus and performance of large supermarkets in Nairobi County is ($r= 0.769$, $p=0.000$), a strong significant relationship between procurement decentralization and performance of large supermarkets in Nairobi ($r=0.679$, $p=0.000$). The study recommends that the supermarkets management should, develop a friendly customer-management relationship to ensure that all customer complaints are handled effectively, ensure that the prices are within the market range to attract and retain customers, provide quality services to customers, consider conducting thorough procurement needs survey in every branch and carry out the procurement practices in unison, and insure all goods on transit to ensure that goods are fully covered and in case of any damage the costs would not be met by the supermarkets.

Key Words: Supply Chain Quality Management Practices, Performance of Large Supermarkets, Customer Focus, Procurement Decentralization

Background of the study

In the contemporary business landscape, organizations face increasing pressure from various stakeholders to demonstrate their performance on multiple fronts. Beyond investors, stakeholders such as customers, suppliers, governments, employees, society, and environmentalists demand satisfaction as they contribute to these organizations (Kemble, Gunasegaram, Ghadge & Raut, 2020). Meeting these demands, which include providing high-quality services and products at reasonable prices while adhering to environmentally sustainable and socially responsible practices, presents a significant challenge for firms (Mamabolo & Myres, 2020). In response to these pressures, organizations are now establishing systems and networks that extend quality throughout their supply chains, aiming to fulfill their financial obligations, compete effectively, survive, and prosper (Bastas & Liyanage, 2018).

Statement of the Problem

According to the KNBS 2022 report, retail and wholesale trade accounted for 7.9% of Kenya's GDP in 2021 supporting the country's economic growth. (Kenya National Bureau of Statistics, 2022). Financial challenges have also been encountered by some supermarkets in Kenya leading to their closure, for example, Uchumi, Nakumatt, and Tusksys supermarkets. Choppies in Botswana acquired Ukwala supermarket which exited Kenya (Ouma, 2018), whereas Shoprite also departed the market after operating for a short duration (Olawoyin, 2020). Uchumi supermarket also closed 31 stores 2019 in Kenya and declared 253 staff redundant due to declining performance (Gathiru, Khamah & Nyakora, 2019). Uchumi also exited Tanzania and Uganda markets (Government of Kenya, 2019) owing Kshs 7.6 billion. Its stocks are the worst performing at the Nairobi Securities Exchange. Shoprite exited the Kenyan market by the end of January 2021 as a result of losses above Kshs 3.2 billion in the 2019 – 2020 financial year. It also rendered its employees redundant, a situation that was heightened by the COVID-19 pandemic which also negatively impacted its performance. Choppies announced its exit by the end of 2019 in Kenya, Mozambique, and Tanzania markets after posting a loss of Sh 4.8 billion after tax for financial year ending in June 2018 (Theuri, 2021) and was required to pay \$12.4 million debt to its suppliers and banks in Tanzania and Kenya (The East African, 2021).

Mutinda and Mwasiaji (2018) shared that the number of retail stores that collapse within the initial years of operating is about 50%. Karimi and Waruguru (2018) argue that Kenyan supermarkets function in a highly competitive and turbulent sector. Supermarkets encounter poor management, inventory logistics, supply chain challenges, and fierce rivalry from international and local retailers leading to job losses within the supermarket value chain and impacting the Kenyan economy negatively (Abbas, 2021). A report by Cytons (2023) indicated that the market share / penetration rate of retail chains is still low at a figure between 25% - 30%. The intense competition has seen some leading retail chain superstores perform poorly in terms of profitability culminating into eventual closure of business or reduction in the number of branches. Therefore keeping customers satisfied and loyal is key to the survival of Supermarket chains since it increases sales and revenue of the retail firm. The Consumers Federation of Kenya (Cofek, 2022) reported a 5.5 customer satisfaction index among supermarkets' shoppers. Complaints were mainly about customer services and poor quality products some of which have surpassed their shelf-life. According to The Retail Trade Association of Kenya (RETRAK, 2023), local Kenyan supermarket chains struggle to stay in the market because their inventory management policies fail to adequately address inventory controls, inventory risks, data and information sharing, technology use and stakeholder interests thus constraining their ability to generate enough cash flows to meet their financial obligations on time. The laxity in adhering to inventory management policies regarding payment to suppliers in Kenyan supermarkets for have an adverse effect to their supply chain performance.

A few studies have been conducted on supply chain quality management practices and organizational performance. A study by Ghonar (2015) on influence of supply chain quality management activities in the performance of Safaricom Limited, Kenya demonstrated that

organizations that carry out supply chain quality management practices enjoys improved performance in terms of higher profits, better responsiveness in the market and long-term market dominance which leads to enhanced performance. The study however narrowed to recommendations that revolved around the product alone, without encompassing the other ingredients of the value chain management practices. Another study by Aguko (2019) on value chain performance of beer brewing industries in Kenya recommended that supply chain management professionals should embrace collaborative relationships with their suppliers to reduce value chain costs and embrace technology to streamline operations of the value chain. The study focused on supplier relationship management and use of technology to enhance supply chain quality management operations with little emphasis on internal value chain activities and customer relationship management. However, the above studies have not focused on the linkages in supply chain quality management practices and their contribution to organizational performance, particularly on the retail outlet sector.

Addressing this research problem is essential for enhancing the competitiveness of Kenyan supermarkets and fostering a better understanding of how SCQM practices can drive supply chain improvements in this specific context. The research will involve a comprehensive analysis of SCQM practices adopted by Kenyan supermarkets and their impact on key supply chain performance indicators, such as product availability, lead times, inventory turnover, and customer satisfaction. By exploring the relationship between SCQM practices and supply chain performance, this study aimed to provide valuable insights that can guide supermarkets in optimizing their operations, enhancing customer experiences, and contributing to the growth of the retail sector in Kenya.

General Objectives

To investigate the effect of supply chain quality management practices on performance of large supermarkets in Nairobi City County, Kenya.

Specific Objectives

- i. To assess the effect of customer focus on the performance of large supermarkets in Nairobi City County.
- ii. To determine the effect of procurement decentralization on the performance of large supermarkets in Nairobi City County.

LITERATURE REVIEW

Theoretical Review

Quality Improvement Theory

Quality Improvement Theory was brought forth by Deming in 1986. It states that a characteristic of quality management belief is that it places total control of firms directly in the hands of top management. The theory opines that the executive is accountable for the systems, and that 80 percent of organizational issues are generated by the system. (Hill,1995). Deming (1986) believed that systematic approach is the best approach to problem-solving. Deming emphasized on the management as a key player in proper delivery of quality. He made it clear that poor management leads to a quality crisis. If the management has poor quality skills, there will be a quality crisis. In a bid to eliminate some of these managerial mistakes, he came up with Fourteen Points that are applicable in any organization regardless of the type or the size. The theory provides project managers with a plan to eliminate poor quality control issues through effective managerial techniques. Hubert (2000) noted that quality improvement envisages the creation of an organizational system that fosters cooperation and learning to facilitate the implementation of process management practices. The theory supports the variable on customer focus since improvement on service delivery will improve services delivered to customers.

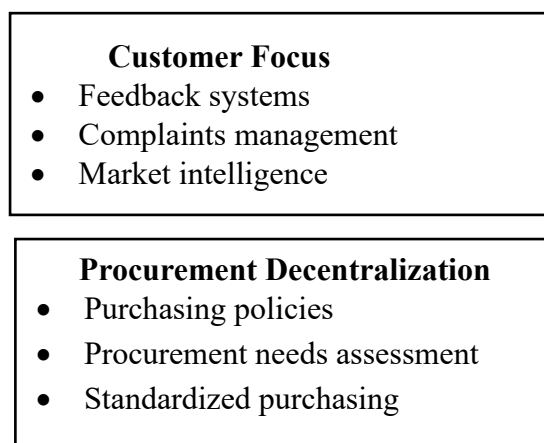
Contingency Theory

Contingency theory was developed by Fred Fiedler in 1958. The fundamental premise of contingency theory is the fit concept. Fit concept proposes positive organizational performance outcomes from aligned internal and external organizational conditions (Tuai, 2015). This implies that it is not the universality of appropriate internal conditions across organizations which guarantee firms success. Rather, the specific organizational attributes or contextual factors determine firms' effectiveness in implementing and sustaining SCQM practices so as to achieve competitive advantage that leads to enhanced organizational performance (Wadongo & Abdel-Kader, 2014). Such internal organizational factors are behavioral and structural. They include leadership commitment, trust, information and communication technology, organizational culture or human resource.

General contingency theory explains the importance of contingency variables in examining congruence or interaction fits between variables, adopting systems or structural modelling lenses (Tuai, 2015). This theory is constrained by the fact that it ignores unbalanced power that may accrue among partners due to differential resource ownership (He et al., 2017). The authors further contend that firms tend to have heterogeneous strategies, visions and missions which inform their internal design. As a remedy, firms in the partnerships can opt to make joint decisions regarding resources, merge complementary competencies and commit to the formal arrangement (Dyer & Singh, 1998). Contingency theory provides basis for linking operational strategy to internal organizational configuration. Individual organizations are configured by their physical resources, human resources, technology and leadership styles. These can be aligned to support network formation. The value of such networks is the cogenerated competitive advantage and improved performance by networked firms (Wadongo & Abdel-Kader, 2014). Alignment of the supermarkets' internal structures will reduce procurement costs and enhance performance. The theory is hence related to the variable on procurement decentralization. Decentralized procurement allows individual stakeholders to make purchases for their departments, unlike in centralized procurement operations, where all purchasing is conducted by a central procurement team.

Conceptual Framework

Independent Variable



Dependent Variable

Figure 2. 1: Conceptual Framework

Customer Focus

Customer focus involves determining customer requirements and ensuring that processes exist to meet the requirements and achieve customer satisfaction. Customer Focus emphasizes on recognizing the client needs and prerequisites and fulfilling them to meet the organizational objectives. Client focus and fulfillment are essential ideas of quality management (Madhani, 2020). According to Sharabi (2024), customer service is considered as an input that helps retail businesses and mostly supermarkets to thrive in competitive market environment. The

kind of customer service quality perceived by the customers will influence their satisfaction, as well as their trust in their firms through providing better products than their pre-purchase expectations (Rootman et al., 2011).

Customer-focused organizations work to cater to customer needs where they concentrate on working for the customers, rather than making money for the company or only thinking of their benefits. Many organizations are losing this battle, as they fail to cater to customer needs and expectations. Customer-focused companies often focus on being nice to all their customers, offering great service to all customers and empowering frontline staff to go the extra mile to make the customer happy. Customer-centric companies know who the key customers are, because they employ an approach based on customer lifetime value. These companies typically have a segmentation that is based on customer lifetime value, and focus their efforts on the relationship with and needs of these customers. Other customers are still customers, but they are not central to the strategic planning of the business, nor to the creation of the key tactical tools (Martinelli, & Tunisini, 2019). Effective customer service gives satisfaction to customers and thus increases loyalty. Many supermarkets adopt customer service tactics in their businesses by placing attracting display to make customers slow down as they move inside the supermarkets. Others have layout displays at their entrances, which allow shoppers to stop, touch, smell and even slow them to do the shopping (Donald, 2021).

Procurement Decentralization

According to Soft (2016), decentralized procurement refers to the acquisition of goods, services or works by all organizational departments and branches independently in order to fulfill their needs. The main characteristic of a decentralized procurement structure is that there is no individual purchasing manager who has the authority to purchase materials for the organization as a whole. Baidoo (2017) is of the notion that business needs in order to fulfil customer satisfaction require decision making to be related to customer wants and needs. Proximity of local sources of supply provides time and place utility as a result of close buyer-seller relationships in a local business environment. Decentralized purchasing is characterized by separate business units being in-charge of their own procurement in accordance to their needs (Karlsen & Tollefsen, 2019).

Sustainable and superior competitive advantage is acquired and maintained through the analysis of customer wants and needs. This is achieved by closely designing goods and services as demanded by customers. Understanding the local environment is key to customer fulfilment. Results of the analysis of the local market is enhanced by decentralized procurement activities as procurement is more economical and efficient in meeting customer needs and wants (OECD, 2014). Procurement activities carried out at department level ensure accountability for profits and losses made. An organization is able to monitor, evaluate and control its costs through greater cost control. Goods, services and works required are procured on a need-to-need basis hence minimizing cost and waste in terms of excessive inventory. Contract negotiation is also enabled without the need for long-term contracts hence eliminating a supplier lock-in situation (Karjalainen, 2019).

Stock outs and product shortages are unanticipated events that are controlled through prompt response. The shorter the chain of command, the shorter the lines of communication and the more relevant decisions made reflect the current market situation, as referrals are not made to top executive management up the hierarchy. Employee motivation is also enhanced through job enlargement as they acquire self-actualization through status and accomplishments as employees are involved in decision making in day-to-day operations (Karlsen & Tollefsen, 2016).

According to Karlsen and Tollefsen (2015) the availability of competent managers influences the capability of an organization to decentralize its operations. A decentralized purchasing structure renders it impossible to have the required knowledge and expertise within one department. Centralization is preferred in procurement departments which undertake highly technical operations in order to achieve business continuity through the management of

challenges and problems that may arise. The size of an organization affects an organization as it is easier to manage fewer employees through a centralized procurement structure. It may be difficult to co-ordinate functions of different departments, as the result is inefficiency and delayed decision making which can be reduced in a large organization if authority is decentralized (Baidoo, 2017). Where an organization is centralized, it will be challenging for quick decision making by a procurement department head due to bureaucracy, however, in a decentralized organization decision making is faster and more responsive to the current situation through the appropriate head of department or manager of a particular department through speedy communication.

Supply Chain Performance

Measuring performance of an organization is important yet quite complex multidimensional phenomenon. This is attributed to diversified objectives of heterogeneous stakeholders, purpose for measurement and the role of the person measuring it. Generally, organizational performance refers to a measure of reward or satisfaction in return to contribution by key stakeholders (Rouse & Putterill, 2013). The measures reveal extent to which explicitly or implicitly communicated organizational vision and mission respond to stakeholder expectations and requirement. Traditionally, financial outcome has been used widely to gauge performance. This measure has been challenged in literature as narrow, short term, historical and lacking universal applicability and strategic orientation (Chagooshi et al., 2015). Essentially, the metric fails to address societal, environmental and economic concerns (Freeman, 2010). In response, researchers and scholars are making efforts to avail holistic, balanced and strategic performance measurement scales to address the plight of all stakeholders.

There are models that are being advanced in literature aimed at degrading the merits of finance as performance metric. These are triple bottom line (TBL), balanced scorecard (BSC), European foundation for quality management (EFQM) business excellence model and The V formation model (Elkington, 1994; Kaplan & Norton, 1996; Vijande & Gonzalez, 2007; Myrah & Tina, 2013). These tools guide management teams on how to measure, improve and sustain performance to the satisfaction of all stakeholders. Freeman (2010) defined stakeholders as a distinct group or individuals who influence or are controlled by goals of a firm. The stakeholders are listed as employees, partners, community, governments and owners. They provide input for production and service processes in terms of labor, capital and material. Their requirements and expectation therefore dictate environment and constrains that an organizational operation must be aligned to.

Balanced Score Card (BSC) captures learning and growth, finance, customer satisfaction and managing internal processes as key pointers of performance Rouse and Putterill (2013) argued that BSC ignores regulators, employees and suppliers who equally contribute or expect satisfaction. The authors suggested performance prism that is capable of appraising satisfaction of prime stakeholder, assessing impact of operational strategies, efficiency of internal processes and optimizing capabilities while reflecting stakeholder contribution. Wilcox and Bourne (2013) emphasize that performance must have lagging (financial) and leading (non- financial) indicators reflecting on firms' strategic goals with testable cause and effect attributes. The other model developed is the EFQM business excellence model which measures the impact of a management decision on customers, processes, strategy, human resource and society (Vijande & Gonzalez, 2017). As much as this model looks comprehensive, it ignores such important metrics like environment, learning and growth.

The V-Formation model stresses the need for firms to craft strategies that address money, society, environment and mission. The indicators capture social entrepreneurship and corporate social responsibility philosophies. Chagooshi et al. (2015) strongly advocated for assessment of environmental impact as a measure of organizational performance. It can therefore be noted from the foregone debate that literature is devoid of a near complete model that addresses the interest of all key stakeholders. As such, this study adopted hybrid model to fill in the gaps left

by the past researchers. The model is conceptualized as integrated performance measurement framework (IPMF) capable of assessing the impact of SCQM practices on financial, market, operational, societal, environmental, customer, learning and growth perspectives since all these elements interact. IPMF is holistic, balances firm's macro and micro view, measures work rather than cost in addition to predicting future performance.

Inayatullah and Amar (2018) pointed out that overall organizational performance can be divided into three parts: financial performance, product performance and operational performance. Financial performance of organization includes: market share, return on investment, profit margin, inventory turnover rate, and productivity. Product performance includes: functionality, service, operating expenses, comfort, and ease of use. Higher product performance enhances the customer and employee satisfaction. Operational performance includes: product/service quality, lead time/service completion time, product development time, utilization of resources, responsiveness to customer demand, and operational cost.

Many organizations have also attempted to manage organizational performance using the balanced scorecard methodology where performance is tracked and measured in multiple dimensions to align business activities to the vision and strategy of the organization, improve internal and external communications and monitor organization performance against strategic goals. It is a performance management method that maps an organization's strategic objectives into performance metrics in four perspectives, that is: financial, customers, internal main processes, learning and growth. It added strategic non-financial performance measures to traditional financial metrics to give managers a more 'balanced' view of organizational performance (Kaplan & Norton, 2010).

Empirical Review

Customer Focus and Firm Performance

Dzandu and Chikwere (2023) studied customer-centric supply chain in Africa. The study involved 20 practitioners in logistics and supply chain-related operations. Results showed that customer-focused companies are meeting customer needs for innovation within a progressively "nanosecond" response, little delivery volume and a shorter life-cycle. Responsiveness, resilience, reliability and realignment are critical drivers of competitive advantage. Yacoob (2020) examined the effect of customer focus on organizational performance. Data were collected from 205 managers within the public service sector. The results revealed that customer focus is a significant predictor of employee satisfaction, innovation, and customer satisfaction. Results also showed that there is an indirect relationship between customer focus and customer satisfaction, as determined by employee satisfaction.

Abrokwah-Larbi (2023) investigated the impact of customer-focus on small medium enterprise (SME) performance from the perspective of a resource-based view (RBV). The study targeted 255 respondents. Findings indicated that customer-focus has a significant positive impact on SME performance. The results show that customer-focus has a positive and significant relationship with financial performance, customer performance, internal business process performance and learning and growth performance. Customer-focus determinants including co-creation, networking ties, customer insight and artificial intelligence marketing (AIM), are critical to the optimization of SME performance.

Micheni and Muchemi (2019) sought to determine the influence of customer focus on performance of agricultural firms listed in the Nairobi Securities Exchange, Kenya (NSE). The research adopted descriptive research design. The target population was seven agricultural firms listed on the NSE. The study found out that customer focus had a positive and significant effect on the performance of Agricultural Firms Listed at the NSE, Kenya. Kavulya and Rotich (2018) examined the effect of customer focus strategy on the Performance of SACCOs in Kenya. The study adopted a cross-sectional survey with a descriptive research design. The target population of this study was the 181 authorized deposit taking SACCOs in Kenya. The

study used questionnaires to collect data. Results showed that customer focus strategy and performance of Saccos are positively and significantly associated.

Hassan, Mugambi, and Waiganjo (2023) investigated the effect of customer focus on hotel performance in Kenya. The study employed a quantitative research design. The sample was 146 respondents. Questionnaires were used to collect data. The study concluded that customer focus has positive effect on the performance of star rated hotels. The also found that hotel targets customer satisfaction as a matter of priority through developing an innovative system that connects it with customers, awards credit or points for use of facility and provide updates and feedback.

Procurement Decentralization and Firm Performance

According to Karani (2019) in his research on centralization versus decentralization in procurement, a case study of the coca cola company in Africa, duplication of work efforts by employees and poor housekeeping are as a result of decentralized procurement which also increases administrative costs. Standardization of procedures and purchases is problematic when procurement is decentralized as it results in wastes in supply chain management, that increase aggregate procurement costs.

Chiappinelli (2017) investigated the relationship between the degree of centralization of public procurement and its performance in Italy. Results showed that municipalities and utilities perform worse than all other institutional categories; and decentralization implies lower performance only when it comes with weak competences of procurement officials. The evidence suggested that a re-organization of the procurement system, both in terms of partial centralization and better professionalization of procurement officials, would help improve overall procurement performance.

Petersen, Jensen, and Bhatti, (2022) studied the procurement methods in the Danish central government. The researchers conducted field experiment of public purchase of air travel in the Danish central government. Findings suggested that decentralized procurement is associated with lower purchasing prices. Decentralized purchasing is less more costly than centralized purchasing of identical products.

Arya, Frimor, and Mittendorf (2022) studied the relationship between decentralized procurement and inventory management. The study showed that decentralized decision making can actually be a boon to firm efficiency. Decentralization helps rein in a firm's natural tendency to hoard inventory in order to get an edge over its supplier in future negotiations. In effect, decentralized procurement conveys a lower willingness to use inventory to manipulate a supplier in future interactions which, in turn, convinces the supplier to soften its own stance in setting initial input prices. Besides providing support for the common practice of decentralized procurement, the results suggest that attempts to mimic centralized decision making in decentralized firms may, in fact, be counter productive.

Wangare, Rop, and Sang (2022) examined the relationship between centralized purchasing and the performance of Non-Governmental Organisations. The study adopted a descriptive research design with a population target of 189 employees of the Henry Jackson Foundation in Kenya. A questionnaire was used to collect primary data. Results showed that centralization of purchasing function reduces the business function or department requirements since the last result is the procedure and process of supplying and acquiring goods and services instead of being the final output.

Adok (2022) assessed the impact of decentralized procurement system on public finance management in South Sudan. The research adopted survey method and group discussions to collect primary data. The major revealed that the decentralized procurement policy is short of public support. The findings also showed lack of established public procurement authority in the country. In addition, suppliers and contractors were also found to have significant influence on the overall public procurement performance. This is because some key stakeholders are

believed to be shareholders of such companies and invisibly strive to have their companies awarded with high valued contracts in expense of public finance accounts.

Orina(2018) examined the influence of centralized purchasing strategies on the organization performance within manufacturing firms. The research adopted descriptive research design. The target population for the study was personnel at Mabati Rolling Mills. The study employed probability sampling in selecting a sample size of 50 respondents drawn from production department, finance, human resources, marketing and sales and the procurement department within Mabati Rolling Mills in Athi River. The study collected both primary and secondary data.

The results of the study indicated that there was a positive and significant influence of centralized purchasing. The study concluded that the performance of MRM was higher as a results of centralized purchasing as indicated by the growth in sales and the profit margins of the firm.

RESEARCH METHODOLOGY

In this study descriptive research design was appropriate since it enabled the researcher to determine the effect of the independent variables on the dependent variable. The unit of analysis was five large supermarkets in Nairobi City County. The unit of observation was 272 management staff (Branch, Operations, Stores, and Sales managers) Yamane (1967) formula was used to calculate the sample of 162. The management staff were stratified according to their designation (Branch, Operations, Stores, and Sales). Every supermarket were expected to produce 23 management staff. The staff's names were obtained from the headquarters, listed in alphabetical order, and 140 names picked randomly. In this study, primary data was collected using questionnaires. Research responses were coded, entered, and analyzed using Social Package for Social Sciences (SPSS) Version 25. Descriptive statistical measures such as percentages were used to describe the characteristics of the collected data. Inferential statistics was used to determine the relationship and causal effects between the study variables. The primary association among the study variables were assessed using correlation analysis which was tested at 95% confidence level (level of significance, $\alpha=0.05$). Linear regression and correlation statistics was used to analyze relationship between the variables.

RESEARCH FINDINGS AND DISCUSSIONS

The sample size of study was 162 respondents. The pilot test was conducted with 16 respondents representing 10% of the sample size. The pilot respondents were not included in the actual study hence 146 questionnaires were administered out of which 124 were answered successfully. The response rate was 84.5%. This is an adequate response rate as recommended by Fincham (2008) that a response rate of 60% and above should be the target of every social science researcher. The high response rate was due to researchers' efforts to closely monitor the data collection process and creating a rapport with the sampled respondents.

Descriptive Analysis

This section presents the findings from the Likert scale questions where respondents indicated their level of agreement with various statements regarding supply chain quality management practices and the performance of large supermarkets in Nairobi City County. A 5-point Likert scale was used, with mean values and standard deviations calculated to interpret the findings. A mean value of 1.0-1.80 was strongly disagree, 1.80-2.60 disagree, 2.61-3.20 neutral, 3.21-4.20 agree and 4.21-5.00 strongly agree. On the other hand, a standard deviation lesser than 2.0, suggests that the responses had a close range of scores across the participants.

Customer Focus

The first objective sought to assess the effect of customer focus on the performance of large supermarkets in Nairobi City County. The managers were asked to tick on the extent to which they agree/disagree with statements related to customer focus. Findings are shown in Table 1.

Table 1: Customer Focus

Key: *SD=Strongly disagree, D=Disagree, N=Neutral, A=Agree, SA= Strongly agree, M=Mean, Std=Standard Deviation.*

Statements	SD	D	N	A	SA	M	Std.
	%	%	%	%	%		
The supermarket has adopted a good pricing strategy for all products	6.5	1.6	4.8	36.3	50.8	4.23	1.075
The supermarket uses technology to increase efficiency and improve quality of service	8.9	4.8	1.6	20.2	64.5	3.73	1.263
The services match the taste of customer's changing lifestyles.	6.5	15.3	3.2	29.8	45.2	4.08	1.298
The opening hours of our Supermarket are favourable to our members	6.5	2.4	4.8	7.3	79.0	4.50	1.130
The supermarket actively seeks ways to improve the product (or services) in order to achieve greater customer satisfaction	7.3	13.7	4.8	27.4	46.8	3.93	1.314
The services are reliable, responsive and empathetic to customers	13.7	18.5	1.6	4.0	62.1	3.82	1.613
The supermarket has enough staff to attend to the customer needs	74.2	5.6	1.6	10.5	8.1	1.73	1.358
Average						3.72	1.293

N=124

Findings show that the supermarkets have adopted a good pricing strategy for all products (M=4.23, Std.=1.075). This is as strongly agreed by 50.8% of the respondents which implies that the supermarkets review their products to gain competitive advantage. The supermarket uses technology to increase efficiency and improve quality of service (M=3.73, Std.=1.263). This is as strongly agreed by 64.5% of the respondents which implies that the supermarkets have embraced technology in the operations which promotes efficiency and accountability. The services match the taste of customer's changing lifestyles (M=4.08, Std.=1.298). This is as strongly agreed by 45.2% of the respondents indicating that the supermarkets conduct surveys on market needs which enables them to understand the market and hence stock that meets the needs of the shoppers. The opening hours of majority of the supermarkets are favorable to the customers (M=4.50, Std.=1.130). This is as strongly agreed by 79% of the respondents which implies that the shopping hours are flexible for the shoppers. The supermarket actively seeks ways to improve the product (or services) in order to achieve greater customer satisfaction (M=3.93, Std.=1.314). This is as strongly agreed by 46.8% of the respondents indicating that there is constant product/service improvement in the supermarkets which improves customer service and customer satisfaction. The services are reliable, responsive and empathetic to customers (M=3.83, Std.=1.613). This is as strongly agreed by 62.1% of the respondents which implies that the supermarkets adhere to service quality standards. The supermarket lack enough staff to attend to the customer needs (M=1.73, Std.=1.358). This is as strongly disagreed by 74.2% of the respondents who indicated that there is poor staffing in the majority of the supermarkets.

The average mean of 3.72 and standard deviation of 1.293 shows that the respondents agreed with statements on customer focus. Results are in agreement with Arya, Frimor, and Mittendorf (2022) that decentralization helps rein in a firm's natural tendency to hoard inventory in order to get an edge over its supplier in future negotiations. Decentralized procurement conveys a lower willingness to use inventory to manipulate a supplier in future interactions which, in turn, convinces the supplier to soften its own stance in setting initial input prices. Antypas (2018) indicated that the major retailers use a centralized purchasing structure. Within the structure, there are different product categories, or departments, with buyers that

place orders for the entire company. This allows for departmental expertise. Many major retailers use a centralized purchasing structure.

Procurement Decentralization

The second objective sought to determine the effect of procurement decentralization on the performance of large supermarkets in Nairobi City County. The managers were asked to tick on the extent to which they agree/disagree with statements related to procurement decentralization. Findings are shown in Table 2.

Table 2: Procurement Decentralization

Key: SD=Strongly disagree, D=Disagree, N=Neutral, A=Agree, SA= Strongly agree, M=Mean, Std.=Standard Deviation.

Statements	SD %	D %	N %	A %	SA %	M	Std.
The supermarket involves every branch in formulating annual procurement plans	11.3	16.1	1.6	11.3	59.7	3.92	1.512
Thorough needs assessment is undertaken by respective branch heads for goods and services needed	7.3	7.3	3.2	17.7	64.5	4.25	1.253
Procurement needs of all branches are managed at the head quarters	12.1	9.7	3.2	22.6	52.4	3.94	1.430
Every branch procures its own items that are not similar to those used by other branches	34.7	45.2	1.6	11.3	7.3	1.89	1.211
Less costs are incurred when procuring goods in unison as oppose to specific branches procurement	11.3	12.1	1.6	18.5	56.5	3.97	1.448
Schedules for delivery are planned for every branch	8.9	11.3	1.6	6.5	71.8	4.21	1.398
The procurement terms and conditions adopted by the branch are at par with the industry recommendations	16.1	3.2	4.0	22.6	54.0	3.95	1.475
Average						3.73	1.390

N=124

The supermarket involves every branch in formulating annual procurement plans (M=3.92, Std.=1.512). This is as strongly agreed by 59.7% of the respondents which indicates that the procurement needs for every branch are considered in the procurement plans which ensures all the branches are well stocked. Thorough needs assessment is undertaken by respective branch heads for goods and services needed (M=4.25, Std.=1.253). This is as strongly agreed by 64.5% of the respondents who indicated that the branch heads are consulted on the procurement needs for their branches. Procurement needs of all branches are managed at the headquarters (M=3.94, Std.=1.430). This is as strongly agreed by 52.4% of the respondents which indicates that the supermarkets prefer centralized procurement as opposed to decentralized procurement. This is also supported by majority of the respondents who disagreed that every branch procures its own items that are not similar to those used by other branches (M=1.89, Std.=1.211). This is supported by 45.2% of the respondents. Less costs are incurred when procuring goods in unison as oppose to specific branches procurement (M=3.97, Std.=1.448). This is as strongly agreed by 56.5% of the respondents which is an indication that centralized procurement saves costs as opposed to decentralized procurement. Schedules for delivery are planned for every branch (M=4.21, Std.=1.398). This is as strongly agreed by 71.8% of the respondents who indicated that the deliveries are efficiently conducted for every branch. The procurement terms and conditions adopted by the branch are at par with the

industry recommendations (M=3.95, Std.=1.475). This is as strongly agreed by 54% of the respondents which shows that the supermarkets adhere to procurement policies and ethics.

The average mean of 3.73 and standard deviation of 1.390 indicates that majority of the respondents agreed with statements on procurement decentralization. Findings are in support of Dzandu and Chikwere (2023) that customer-focused companies are meeting customer needs for innovation within a progressively “nanosecond” response, little delivery volume and a shorter life-cycle. Responsiveness, resilience, reliability and realignment are critical drivers of competitive advantage. Karani (2019) also indicated that duplication of work efforts by employees and poor housekeeping are as a result of decentralized procurement which also increases administrative costs.

Supermarket Performance

The managers were asked to tick on the extent to which they agree/disagree with statements related to performance of supermarkets. Findings are shown in Table 3.

Table 3: Supermarket Performance

Key: SD=Strongly disagree, D=Disagree, NS=Not Sure, A=Agree, SA= Strongly agree, M=Mean, Std=Standard Deviation.

Statements	SD	D	N	A	SA	M	SDV
	%	%	%	%	%		
The super markets has been recording higher sales	22.6	1.6	3.2	5.6	66.9	3.93	1.678
The profits have been increasing steadily	11.3	22.6	31.5	6.5	28.2	2.76	1.278
The market share for the supermarket have been improving	66.9	4.8	3.2	11.3	13.7	2.00	1.551
Customer complaints on service delivery have been reducing	11.3	3.2	7.3	27.4	50.8	4.03	1.39
Average						3.18	1.474

N=124

The super markets has been recording higher sales (M=3.93, Std.=1.678). This is as strongly agreed by 66.9% of the respondents indicating that the sales have been increasing in the supermarkets. The respondents were neutral on the increase of profits in the supermarkets (M=2.76, Std.=1.278). This is as indicated by 31.5% of the respondents who neither agreed/disagreed with the statement implying that the profitability of the supermarkets is not stable. The profits may be higher in some seasons and low in others. The market share for the supermarket have not been improving (M=2.00, Std.=1.551). This is as strongly disagreed by 66.9% of the respondents which indicates that the supermarket sector is very competitive and the supermarkets have been competing to dominate the retail sector in Kenya. Customer complaints on service delivery have been reducing (M=4.03, Std.=1.39). This is as strongly agreed by 66.9% of the respondents indicating that the supermarkets have suitable customer services which attracts and retains the customers. The average mean of 3.18 and standard deviation of 1.474 shows that supermarkets have been recording good performance in customer service but the financial performance has been facing challenges.

Correlation Analysis

The study used Pearson Correlation to measure the strength and the relationship between supply chain quality management practices and performance of large supermarkets in Nairobi City County, Kenya. A correlation value of more than 0.5 shows a strong correlation, 0.30 - 0.49 moderate correlation while less than 0.29 shows a weak correlation. Significance is less than $\alpha=0.05$. Correlation findings are presented in Table 4.

Table 4: Coefficient of Correlation

Variables		Firm performance	Customer focus	Procurement decentralization
Firm performance	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	124		
Customer focus	Pearson Correlation	.769**	1	
	Sig. (2-tailed)	.000		
	N	124	124	
Procurement decentralization	Pearson Correlation	.679**	.034	1
	Sig. (2-tailed)	.000	.707	
	N	124	124	124

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

The Pearson correlation coefficient customer focus and performance of large supermarkets in Nairobi City County is 0.769, with a p-value of 0.000. This indicates a moderate positive and statistically significant relationship between the variables. The moderate correlation suggests that as customer focus increases, so does the performance of large supermarkets in Nairobi City County. The findings are in agreement with Yacoob (2020) that customer focus is a significant predictor of employee satisfaction, innovation, and customer satisfaction.

The Pearson correlation coefficient procurement decentralization and performance of large supermarkets in Nairobi City County is 0.679, with a p-value of 0.000. This indicates a strong positive and statistically significant relationship between the variables. The strong correlation suggests that as procurement decentralization increases, so does the performance of large supermarkets in Nairobi City County. The findings concurs with Petersen, Jensen, and Bhatti, (2022) that there is a relationship between decentralized procurement and performance..

Regression Analysis

Regression analysis was conducted to understand how a unit change in supply chain quality management practices may cause a change in performance of large supermarkets in Nairobi City County. The coefficient of determination shows how a statistical model is expected to predict future results.

Table 5: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
Constant/Y Intercept	1.898	.349		5.433	.000
Customer focus	.792	.043	.737	18.252	.000
Procurement decentralization	.569	.193	.541	10.947	.004

As per the SPSS generated in Table 5,

Firm Performance = 1.898 + 0.792 (customer focus) + 0.569 (procurement decentralization)

Customer focus show a statistically significant positive coefficient ($\beta = .792$, sig = .000), indicating that a unit increase in customer focus will result to increase in performance of large supermarkets in Nairobi City County. Customer focus has the highest effect on performance of large supermarkets at 73.7% (std Beta = .737). Results are in agreement with Hassan, Mugambi, and Waiganjo (2023) that customer focus has positive effect on the performance of star rated hotels.

Decentralized procurement show a statistically significant positive coefficient ($\beta = .569$, sig = .000), indicating that a unit increase in decentralized procurement will result to increase in

performance of large supermarkets in Nairobi City County. Decentralized procurement has the second highest effect on performance of large supermarkets at 54.1% (std Beta = .541). Results concur with Adok (2022) that decentralized procurement policy has a significant influence on the overall public procurement performance.

Conclusion

Customer focus has a positive strong significant correlation with performance of supermarkets in Nairobi City County. Customer also has the highest effect on supermarket performance. Supermarkets prioritize customer focus which enhances brand image, customer loyalty, and customer satisfaction. The elements of customer focus include good customer service, offering services and products that meet the needs of the customers, and suitable return policies.

Procurement decentralization has a positive strong significant correlation with performance of supermarkets in Nairobi City County. Procurement decentralization has the second highest effect on supermarket performance. Majority of the supermarkets prefer centralized procurement as opposed to decentralized procurement. Decentralized procurement is considered of high cost since every departments plans for its procurement which increases transaction costs. The supermarkets adopts procurement terms and conditions that are at par and comparable in the retail industry in Kenya. The procurement records were maintained in a central place to ease access and that it is cheaper to buy as a supermarket than as a branch.

Recommendations

The supermarkets should prioritize customer focus strategies to enhance their performance. This includes actively seeking and encouraging positive customer feedback, expanding and retaining the customer base, ensuring consistent customer satisfaction, leveraging effective communication channels and digital marketing, maintaining service quality, establishing dedicated marketing teams, and implementing robust quality management systems. They should as well develop a friendly customer-management relationship to ensure that all customer complaints are handled effectively. The supermarkets should endeavour to ensure that the prices are within the market range to attract and retain customers.

The supermarkets should review the best procurement standards from large multinational supermarkets which will be of great importance in designing better and more effective procurement policies. The supermarkets should as well consider conducting thorough procurement needs survey in every branch and carry out the procurement practices in unison. This will enable then to enjoy the benefits of bulk buying and as well ensure that the procurement needs of every branch are met accordingly.

Areas for Further Research

This study focused on large supermarkets in Nairobi City County. A similar study should hence be conducted in another county in Kenya to determine if the supply chain quality management practices performance of large supermarkets in other counties. A study should also be conducted incorporating other supermarkets in Nairobi City County. A study should also be conducted to determine other supply chain quality management contribute to firm performance.

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