



**ST. MARY'S UNIVERSITY COLLEGE
SCHOOL OF GRADUATE STUDIES**

**ASSESSING SUPPLY CHAIN MANAGEMENT PRACTICES IN ETHIOPIAN
LEATHER INDUSTRIES: THE CASE OF BATU TANNERY PLC**

**BY
SELAM WONDWOSSEN**

**JULY, 2019
ADDIS ABABA, ETHIOPIA**

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**A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY COLLEGE, SCHOOL
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DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Dr. Temesgen Belayneh. All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other high learning institution for the purpose of earning any degree.

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July, 2019

DEDICATION

This thesis is dedicated to my late mother Genet Eshetu and my late aunt Zewedenesh Eshetu.

ENDORSEMENT

This thesis entitled: “Assessing Supply Chain Management Practices in Ethiopian Leather Industries; the case of Batu Tannery PLC” prepared by Selam Wondwossen, in partial fulfillment in the requirements for the Degree Masters of Business Administration in General Management has been submitted to St. Mary’s University College, School of graduate studies for examination with my approval as a University advisor.

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July, 2019

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LIST OF ABBREVIATIONS/ACRONYMS

CRM – Customer Relationship Management

EDI – Electronic Data Interchange

KPI – Key Performance Indicator

NPI – New Product Introduction

OEM – Original Equipment Manufacturer

SCM – Supply Chain Management

SCMP – Supply Chain Management Practices

SRM – supplier Relationship Management

SPSS – Statistical Package for Social Science

IT – Information Technology

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ABSTRACT

The objective of this study was to assess supply chain management practices (supply chain integration, strategic supplier partnership, customer relationship management, information sharing, and operations management) of Batu tannery plc. The study used descriptive research designs. In this study, census survey was adopted for quantitative and qualitative research approach. Primary type of data was collected with the help of questionnaires with structured questions distributed to tannery's internal departments and an interview with marketing manager of the supplier and procurement managers of tannery's customers was conducted with unstructured question. SPSS was used to analyze data from the questionnaires quantitatively and narrative method was used to analyze data gathered from interview. In order to examine the variables, frequency, percentage and mean were used. The research came up with the following findings. The data analysis from questionnaire showed that the case company has adopted most of supply chain management practices at the highest level and two of the proposed practices were the least implemented, these practices were information sharing and customer relationship management. Based on the findings, the following recommendations have been drawn in this study; Batu tannery should continuously seek for effective implementation of information sharing into their supply chain activities with suppliers and customers, and their internal operations, should build and continuously improve their employees' skills and capability in facing changing competitive environment, tannery was also advised to view supply chain management as a strategic activity, rather than just mere operational activity. And they were recommended to engage in employment of appropriate professionals with the expertise requisite to manage the chain at every stage of the process. And finally, tannery was recommended to involve its supplier in its production and new product development.

Key words: *supply chain management practices, supply chain integration, strategic supplier partnership, customer relationship management, information sharing, operations management*

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Different scholars had defined supply chain over the years. For example; Supply chain is defined as a group of inter-connected participating companies that add value to a stream of transformed inputs from their source of origin to the end products or services that are demanded by the designated end- customers (Lu, 2011).

A supply chain consists of all stages involved, directly or indirectly, in fulfilling a customer request. The supply chain not only includes the manufacturer and supplier, but also transporter, warehouses, retailers, and customers themselves (Chopra and Meindl, 2001). Thus, it is the accepted term to cover both the demand and the supply sides of the entire process (Chen, Crandall, & William, 2014).

Supply chain management is simply and ultimately the business management, whatever it may be in its specific context, which is perceived and enacted from the relevant supply chain perspective (Lu, 2011). SCM practices are defined as the set of activities undertaken by an organization to promote effective management of its supply chain. The practices of SCM are proposed to be a multi-dimensional concept, including the downstream and upstream sides of the supply chain (Karimi & Rafiee, 2014).

This study had focused on Ethiopian Leather Industry and assessed whether supply chain management practices in terms of supply chain integration, strategic supplier partnership (Procurement & supplier relationship management), customer relationship management, information sharing, and operations management were adopted by Batu tannery plc.

The leather industry is an important sector in Ethiopia as it makes a substantial contribution to the country's economic development. According to Ethiopian Leather Industry development institute (LIDI); 'Ethiopia possesses one of the world largest livestock populations. This enormous population of livestock provides ample opportunity for the development of the leather industry in the country. The institute also indicates that, the country's leather industry has attracted several foreign companies that have set up factories

in the country. however poor supply chain management was one of the problems the industry was facing.

Abadi (2000) indicates that, for the last 10 years there are indications that the quality of raw material has deteriorated with an increasing number of rejected grades and the appearance of a skin disease. Hides and skins are downgraded as a result of various factors, including poor animal husbandry, disease and parasites, bad slaughtering and bad practices in curing, collection, transportation, storage and general handling and in general poor linkages among different organizations involved with hides and skins.

As mentioned above, one of these problems was poor supply chain management. And this research chose one of the well-known tanneries from the industry and assessed the current supply chain management practices. The target company is called Batu Tannery PLC.

Tannery exports about 50% of its finished leather products to foreign market. The remaining 50% of the product is distributed to the local shoe manufacturing companies which again export shoes. Among these shoe manufacturing factories Kangaroo Shoe factory and Anbessa shoe factory are tannery's key customers.

1.2 Statement of the Problem

Even though there were plenty of published literatures that examines supply chain management practices at different industries, as far as the knowledge of the researcher was concerned, there were a very few published studies of supply chain management practice in Ethiopian leather industry. However, previous studies have found that Ethiopian manufacturers were generally lagging behind in the application of new concepts in manufacturing. To mention some of these findings; BeteGeorgise, (2015) findings showed that implementation of SCM is rather immature and the SCM initiatives were not fully recognized in Ethiopian manufacturing industries. In another research BeteGeorgise, Thoben, & Seifert, (2014), found out that Ethiopian manufacturing firms have limited understanding and awareness of the importance about external integration with suppliers and customers. Sudarsana, and Teka, (2015) Also found out that, supply chain management practice in Ethiopian leather firms were not used as a weapon in highly competitive global marketplaces.

Even-though, these were the biggest problems that needed further assessment, this study observed a research gap that, while gathering information in the industry these previous studies collected data from one or two managers of each company. And these was thought as a gap because, it did not fully indicate whether a single firm has managed its relationship with its supply chain participants or if the research was not involving the upstream and downstream of supply chain. And to collect a more reliable information it is better to involve more people's opinion. So, the study assessed supply chain management practices in Batu tannery and collected data from multiple respondents from tannery's supply chain partners.

Even though there were very few studies related to the know-how of SCM practices done in the Ethiopian Leather Industry, as it was identified from the above researches that there were some promising initiatives undergoing for the adoption of the SCM practice. So, this study had focused on Batu Tannery plc and assessed current development in the practices of supply chain management and assessed both the upstream and downstream supply chain activities. Through this assessment whether supply chain integration, strategic supplier partnership, customer relationship management, information sharing, and operations management were adopted by the tannery was examined.

1.3 Research Questions

This research adopted below research questions and assessed SCM practices at batu tannery;

- What is supply chain integration practice of Batu tannery plc?
- What are the strategic supplier partnership practices of Batu tannery plc?
- What are the customer relationship management practices of Batu tannery plc?
- What is the information sharing practice of Batu tannery plc?
- What are the operations management practices of Batu tannery?

1.4 Objectives of the Study

1.4.1 General Objective

The General objective of this research was to assess the supply chain management practices of Batu tannery plc.

1.4.2 Specific Objectives

The specific objectives in this research were;

- To assess the supply chain integration practice of Batu Tannery plc.
- To assess the strategic supplier partnership practices of Batu Tannery plc.
- To assess the customer relationship management practices of Batu Tannery plc.
- To assess the information sharing practice of Batu Tannery plc.
- To assess the operations management practice of Batu Tannery plc.

1.5 Definition of Terms

1.5.1 Conceptual Definitions

- **Supply chain:** is defined as a group of inter-connected participating companies that add value to a stream of transformed inputs from their source of origin to the end products or services that are demanded by the designated end- customers (Lu, 2011).
- **Supply Chain Management:** is the management of upstream and downstream relationships with suppliers and customers in order to deliver superior customer value at less cost to the supply chain as a whole (Christopher, 2011).
- **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 (Lee, Padmanabhan, Whang (1997) cited by Karimi & Rafiee, 2014).

- **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 (Lambert, & Cooper, (2000) cited by Karimi & Rafiee, 2014).
- **Supply chain integration:** is how everyone in the company and its trading partners work in sync to achieve the same business objectives via integrated business process and information sharing (Benjabutr, 2018).

1.5.2 Operational Definitions

The operational definitions were described by the tannery's production line manager through the time of the researcher's observation.

- **Tannery** - a place where tanning is carried on.
- **Tanning** - chemical treatment process in which the soft and perishable proteins of animal hides or skins are converted into durable and flexible leather.
- **Cowhides** - a strong heavy flexible whip, usually made of braided leather.

1.6 Significance of the Study

This study aimed to assess the supply chain management practices at the selected tannery and identify whether the SCM practices (supply chain integration, strategic supplier partnership, customer relationship management, information sharing, and operations management) were adopted properly by Batu Tannery PLC. After identification the study had recommend areas to improve and as the supply chain management involves managerial decision making across strategic, tactic and operational levels this research helped by contributing to planners, decision makers, practitioners, academicians, as well as researchers.

1.7 Delimitation/ Scope of the Study

The purpose of this study was to assess whether the SCM practices are adopted by Batu tannery plc. Even though there were different kinds of SCM practices, this research had focused on the activities that were believed the common and major variables for the assessment. The practices that was assessed at the target company were: supply chain

integration, strategic supplier partnership, customer relationship management, information sharing, and operations management practices. Therefore, the study had covered both the upstream (which is the supplier side) and downstream (which is the customer side) supply chain activities.

As conducting the primary data collection; this research only focused on the key departments of the organization that were believed have a relevant information for the study; commercial/procurement and warehouse department. This was because the appropriate (or the personnel that have the direct contact with supplier and customer as well as the internal departments) personnel for the study were available in those departments. And from the customers and supplier's side the study had collected information from those of the key customers and suppliers of Batu tannery as its supply chain participants specifically Kangaroo shoe, Anbessa shoe factories and Addis Ababa Abattoirs Enterprise.

- The supplier was selected because Batu tannery purchased 60% of its raw materials from Addis Ababa Abattoir Enterprise and the 40% of the suppliers was difficult to contact because tannery informally purchase the raw materials from suppliers with no market location. Tannery also have chemical suppliers, but they are located abroad, and it was difficult to contact them and collect a reliable information.
- The customer side was selected based on the key customers for the tannery, which was available in the capital city, Addis Ababa. Tannery also have other customers which are located abroad and outside of Addis Ababa. Due to the customers are geographically distant this research did not include them in the population of the research.

1.8 Limitations of the study

The study was conducted at Batu Tannery plc that existed in Ethiopian leather industry. The major limitation of the study was it only considers supply chain management practices undertaken in one target company. The SCMP's selected for this research were five while there were different other SCMP's available in Supply Chain Management profession. Also, the study couldn't involve more suppliers and customers of the target company in the study due to they were geographically distant from where the study was conducted.

1.9 Organization of the study

The research paper was organized into five chapters: Chapter one dealt with the introduction part consisting of background of the study, statement of the problem, research questions, research objectives, definition of terms, significance of the study, scope of the study, and limitations of the study. The second chapter discussed the review of related literature about the subject matter, chapter three focused on research design and methodologies. Chapter four contained data analysis interpretation and discussions of the results. Finally, chapter five covered summary, conclusions and recommendations.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Theoretical Literature

2.1.1 The concept of supply chain

Many authors defined supply chain in their own different way and there exists no single definition of it. However, Lu (2011) provided a generic definition of supply chain as “a supply chain is basically a group of independent organizations connected together through the products and services that they separately and/or jointly add value on in order to deliver them to the end consumer”.

Supply chain is a Product life cycle processes comprising physical, information, financial, and knowledge flows whose purpose is to satisfy end-user requirements with physical products and services from multiple, linked suppliers (Ayers & CRC, 2006).

A supply chain is characterized by a forward flow of goods and a backward flow of information (Min, 2015). According to Johnson & Malucci (1999) cited by Min (2015), a supply chain is composed of two main business processes: Material management (inbound logistics) and Physical distribution (outbound logistics). Material management is concerned with the acquisition and storage of raw materials, parts, and supplies. And the authors described, material management supports the complete cycle of material flow—from the purchase and internal control of production materials, to the planning and control of work-in-process, to the warehousing, shipping, and distribution of finished products. On the other hand, Bowersox and Closs (1996) cited by Min (2015) explained physical distribution encompasses all outbound logistics activities related to providing customer service. These activities include order receipt and processing, inventory deployment, storage and handling, outbound transportation, consolidation, pricing, promotional support, returned product handling, and life-cycle support.

2.1.2 Supply chain management

According to Lu (2011), the early publications of supply chain management was in 1980's that were mainly focused on purchasing activities and cost reduction related activities. The major development and the significant increases of publications in the areas of supply chain integration and supplier-buyer relationship came in 1990's when the concept as we know it today was gradually established.

The definition of supply chain management adopted by Christopher (2011): is the management of upstream and downstream relationships with suppliers and customers in order to deliver superior customer value at less cost to the supply chain as a whole. (Ayers & CRC, 2006) Supply Chain Management encompasses the planning and management of all activities involved in sourcing and procurement, conversion, and all Logistics Management activities. Importantly, it also includes coordination and collaboration with channel partners, which can be suppliers, intermediaries, third-party service providers, and customers. In essence, Supply Chain Management integrates supply and demand management within and across companies. Similar definition is adopted by CIPS teams (2007) as Supply chain management is the continuous planning, developing, controlling, informing and monitoring of actions within and between supply chain links so that an integrated supply process results which meets overall strategic goals.

Any supply chain management practice and activities are captured by the three conceptual components: supply chain configuration, supply chain relationship, and supply chain coordination. Lu (2011). The author's definitions of these three components are as follows;

Supply chain configuration is how a supply chain is constructed from all its participating firms. This includes how big is the supply base for OEM (original equipment manufacturer), how wide or narrow is the extent of vertical integration (which is the single ownership of consecutive activities along the supply chain), how much of the OEM's operation are outsourced, how the downstream distribution channel is designed, and so on. It is also known as supply chain architecture. The decision on supply chain configuration is strategic and at a higher level (Lu, 2011).

supply chain relationship is about the inter-firm relationships across the supply chain albeit the key focus of relationship is often around the OEM and its first-tier suppliers and first tier customers and the relationships in between. The type and level of relationship is determined by the contents of inter-organizational exchanges. The relationship is likely to be "arm's length" if they only exchanged the volume and price of the transaction, on the other hand, the relationship would be regarded as a close partnership if the parties exchanged their vision, investment planning, NPI process and detailed financial information. The decision in the supply chain relationship is both strategic and operational (Lu, 2011).

supply chain coordination refers mainly to inter-firm operational coordination within a supply chain. It involves the coordination of continuous material flows from the suppliers to the buyers and through to the end-consumer. Inventory management throughout the supply chain could be a focal point from the coordination. Production capacity, forecasting, manufacturing scheduling, even customer services, will all constitute the main contents of the coordination activities in the supply chain. the decision on the supply chain coordination tends to be operational (Lu, 2011).

The author concluded as these three key supply chain management deals with the external organization in the same supply chain, which makes the more supply chain rather than organizationally internal. These concepts also tell us that supply chain management involves managerial decision making across strategic, tactic and operational levels.

Components of SCM has been stated by Ronoh & Richard (2014) as the plan, source, deliver, return covering from the supplier through the manufacturing firm to the customer. The success will be defined by the level of integration and collaboration that can be achieved by the end-to-end business partners in a supply chain. The authors briefly explain the components as below;

- **PLAN:** is the strategic portion of SCM needed to manage all the resources that go towards meeting customer demand for product or services. A big piece of planning is developing a set of metrics to monitor the supply chain so that it is efficient, cost less and delivers high quality and value to customers Ronoh & Richard (2014).

- SOURCE: Concerns the choosing of the suppliers that will deliver the goods and services needed to create products Ronoh & Richard (2014).
- MAKE: The manufacturing step where the activities necessary for production, testing, packing, and preparation for delivery are schedules. Measure quality levels, production output, worker productivity Ronoh & Richard (2014).
- DELIVER: Logistics, coordinate the receipt of orders from customers, develop a network of warehouse, picking carriers to get products to customers and set up an invoicing system to receive payments Ronoh & Richard (2014).
- RETURN: The problem part of the supply chain, create a network for receiving defective and excess products back from customers with delivered product Ronoh & Richard (2014).

The global supply chain forum identified eight key processes that make up the core supply chain management (Keely, Sebastián, Douglas & Dale, 2001). Those are; ***Customer relationship management***; the customer relationship management process provides the structure for how the relationship with the customer is developed and maintained. ***Customer service management***; the customer service management process is the firm's face to the customer. It provides the single source of customer information, such as product availability, shipping dates and order status. ***Demand management***; the demand management process needs to balance the customers' requirements with the firm's supply capabilities. ***Order fulfillment***; effective order fulfillment requires integration of the firm's manufacturing, logistics and marketing plans. ***Manufacturing flow management***; the manufacturing flow process deals with making the products and establishing the manufacturing flexibility needed to serve the target markets. ***Supplier relationship management***; supplier relationship management is the process that defines how a company interacts with its suppliers. As the name suggests, this is a mirror image of customer relationship management. ***Product development & commercialization***; product development is critical to the continuing success of the firm. Supply chain management includes integrating customers and suppliers into the product development process in order to reduce time to market. It is critical to have the right people from the internal functional silos along with key customers and suppliers involved in the product development and

commercialization process. **Returns**; while many firms neglect the returns process because management does not believe it is important, this process can assist the firm in achieving a sustainable competitive advantage (Kelly et al., 2001).

The concept of supply chain management has evolved around a customer-focused corporate vision, which drives changes throughout a firm's internal and external linkages and then captures the synergy of inter-functional, interorganizational integration and coordination (Min, 2015). The successful integration of the entire supply chain process can bring about a number of bottom-line benefits (Schlegel, 1999) cited by Min (2015): Improved customer service and value added, enhanced fixed capital, utilized asset, Increased sales and profitability.

According to Ross (2011) SCM is concerned with strategic issues such as the integration of internal and external business processes, the development of close linkages between channel partners, and the management of products and information as they move across organizational and enterprise boundaries. However, SCM can also be understood as a tactical tool that can be applied to the management of ongoing operational activities such as customer service, control of inbound and outbound flows of materials and information, and the elimination of channel inefficiencies, costs, and redundancies extending from raw materials acquisition, through manufacturing, distribution, and consumption, and final return back through the channel by way of recycling or disposal (Ross, 2011).

successful supply chain integration depends on the supply chain partners' ability to synchronize and share "real-time" information. Such information encompasses data, technology, know-how, designs, specifications, samples, client lists, prices, customer profiles, sales forecasts, and order history (Min, 2015).

When a supply chain network is being structured, it is necessary to identify who the partners of the supply chain are. The key is to identify the type of the partners who are critical to the value-added activities and determine a manageable number of the supply chain partners given resources (Min, 2015). The range of SCM activities extends from the establishment of channel alliances and supporting information and communications technologies through business forecasting, product design collaboration, pricing and

promotions, demand and supply planning, sourcing and procurement, manufacturing, and logistics management (Ross, 2011).

From the definitions, key issues and components that stated above, this research identified Supply chain Integration, strategic supplier partnership, customer relationship management, Information sharing, operations management as a key supply Chain Management Practices for this study.

2.1.3 SCM Practices

2.1.3.1 Supply chain Integration

To succeed in the digital economy, organizations must manage the integration of business, technology, people, and processes not only within the enterprise but also across extended enterprises (Awad & Nassar, 2010).

Integration of supply chain is how everyone in the company and its trading partners work in sync to achieve the same business objectives via integrated business process and information sharing. Benjabutr (2018). To get full benefit from a supply chain it is necessary to link all the partners involved so that goods and services flow effectively to consumers. This is achieved by working collaboratively with customers, suppliers, trading partners and service providers. The overall aim is to create a flow of products exactly as required by customers, responding dynamically to changes in their orders Sadler (2007). According to the author, an important issue in chain integration is the inherent variability in demand for a product and the variable nature of purchasing, provision and travel times. The chain design should take account of these types of uncertainty to give a robust chain which is capable of the expected delivery time and also responsive to changes in volume, process and mix of orders placed or services demanded.

Hau Lee, cited by Ayers & CRC (2006) defines supply chain integration as having three components: (1) *information*, (2) *organizational linkage*, and (3) *coordination*. *Information* refers to the sharing of information and knowledge. Examples include production and sales forecasts to assure coordinated action among partners. *Organizational linkage* encompasses the means to communicate whether by EDI, Internet, or face-to-face meetings. *Coordination* refers to “decision rights, work, and resources in a supply chain.”, this is acting on the information.

Once the first two elements are in place, the *coordination* element offers the best leverage for better supply chains from information systems. This will come through the implementation of proactive systems, which will be by no means trivial. Application of proactive systems has three dimensions: (1) *deployment*, (2) *completeness*, and (3) *timeliness*. *Deployment* means that those entrusted with decision making understand their roles in the process and how to act on that information. *Completeness* means that all the information needed to make the decision is accessible. *Timeliness* means that the information is available promptly enough to meet customer requirements.

Achieving an Integrated Supply chain as illustrated by Christopher (2011) has four stages; *stage 1. Baseline*: position of complete functional independence where each business function such as production or purchasing does its own thing in complete isolation from the other business functions Christopher (2011). Or as stated by Benjabutr (2018) each department in the same company manages supply chain issues separately.

Stage 2. Functional Integration: companies have recognized the need for at least a limited degree of integration between adjacent functions, e.g. distribution and inventory management or purchasing and materials control Christopher (2011). Each department in the same company works together to reduce costs Benjabutr (2018).

Stage 3. Internal Integration: requires the establishment and implementation of an 'end-to-end' planning framework Christopher (2011). According to Benjabutr (2018) Each department is now connected via the same IT infrastructure to increase the efficiency. At this stage, "Corporate Silo" is the major issue. Corporate Silo is the way each company works on their own agenda.

Stage 4. external Integration: represents true supply chain integration in that the concept of linkage and co-ordination that is achieved in stage 3 is now extended upstream to suppliers and downstream to customers Christopher (2011). Each company in the same supply chain joins hands and work together to achieve the same goal to satisfy customer's requirements Benjabutr (2018).

2.1.3.2 Strategic Supplier Partnership (Procurement & Supplier Relationship Management)

According to Deloitte (2014) Many organizations struggle to manage their supplier relationship systematically. The main reason behind this is their lack of a clear framework with aligned guidelines on supplier management. In traditional supplier relationship the interaction between different functions of a company and its suppliers can be described as tactical and operations. As a result, relationships are lacking transparency not only from an external perspective, but also with respect to internal governance and ownership of relationships.

Strategic supplier relationships comprise multiple, yet controlled points of interaction between various representatives of the organization and its key suppliers. The alignment of supplier relationships across the organization requires a clear governance structure, both within the standardized performance measurements and corporate supplier strategies. A clear framework to manage supplier relationships at different levels and in different functions reduces the level of complexity and increases transparency internally as well as externally (Deloitte, 2014).

Additionally, the authors observe several benefits that companies drive from successfully managing supplier relationship management, such as;

- Reduce costs and increase efficiency beyond traditional sourcing and category management efforts by setting up long-term relationships and establish communication processes;
- Manage supplier risk and compliance by strengthening global transparency and visibility on key relationships through policies and processes, metrics and tools;
- Drive supplier performance in a transparent and sustainable manner with strategic supplier and collaboration partners;
- Enable continuous improvement of operations through long-term relationships with suppliers, allowing for creation of a more effective and efficient supply chain;
- Foster business development and innovation by jointly identifying and implementing innovation and new market opportunities, sharing vision and strategy through joint planning early on to improve go-to market time.

However, Benton (2007) observed Risk of supplier partnerships: Firstly, heavy reliance on partner can be disastrous if the partner does not meet expectations. Also, firms risk decreased competitiveness due to loss of partnership control, complacency and overspecialization with an affirmed partner. Furthermore, firms may overestimate partnership benefits while ignoring potential shortcoming.

2.1.3.2.1 Procurement Management

Procurement involves identifying and analyzing user requirements and type of purchase, selecting suppliers, negotiating contracts, acting as liaison between the supplier and the user, and evaluating and forging strategic alliances with suppliers. For many organizations, materials and components purchased from outside vendors represent a substantial portion of the cost of the end product, and hence effective procurement can significantly enhance the competitive advantage of an organization. Effective procurement strategies such as international sourcing, long-term supplier contracts, partnering with suppliers in project design, and risk and information sharing can maximize these companies' purchasing power, contribute to their business success, and significantly enhance the value of their supply chain (Morris, P. W. G., & Pinto, J. K., 2007).

2.1.3.2.2 Supplier Relationship Management

Supplier Relationship Management (SRM) addresses business issues associated with the procurement or sourcing process. Noteworthy SRM issues include spending analysis, catalog management, sourcing implementation, sourcing execution, payment, settlement, contracting, and monitoring of supplier performance. The goals in resolving these issues are to build close relationships with key suppliers and to flexibly manage the network of suppliers. A close supplier relationship can create benefits, such as cost reductions on goods and services, streamlined procurement processes, and regulatory compliance (Chen et al., 2014). With keeping these benefits in mind (Kelly et al., 2001) pointed out it is important for the supplier relationships to be win-win. If both parties do not gain from the relationship, the incentive to be in the relationship is diminished and it will likely dissolve.

2.1.3.3 Customer Relationship Management

According to business dictionary customer relationship is defined as; “The development of an ongoing connection between a company and its customers. The relationship involves marketing communications, sales support, technical assistance and customer service. The relationship is measured by the degree of customer satisfaction through the buying cycle and following receipt of goods or services”.

According to Ruth & Crina (2007) Customer relationship management (CRM) is a strategic approach concerned with creating improved shareholder value through the development of appropriate relationships with key customers and customer segments. CRM unites the potential of relationship marketing strategies and IT [information technology] to create profitable, long-term relationships with customers and other key stakeholders. CRM provides enhanced opportunities to use data and information to both understand customers and co-create value with them. This requires a cross-functional integration of processes, people, operations and marketing capabilities that is enabled through information, technology and applications.

Customer relationship management is necessary once a supplying company first establishes a relationship with a customer. To keep customers satisfied and coming back, firm must demonstrate their capabilities and the value these capabilities provide to customers (Wisner, Leong & Tan, 2012). CRM should be viewed as a strategic set of processes or activities that commences with a detailed review of an organization’s strategy (the strategy development process) and concludes with an improvement in business results and increased shareholder value (the performance assessment process) (Payne, 2006).

The ultimate objective of CRM is to create a long-lasting relationship with customers. Good relationships with profitable customers pay off in the long run because the cost of retaining customers is less expensive than recruiting new customers. A company needs to perform a number of customer-related functions in order to satisfy their customers and earn their trust. CRM is comprised of operational, analytical, and collaborative activities. Operational CRM activities include order taking, invoice/billing, and offering help desks, call centers, field services, recall, and customer services. Analytical CRM consists of capturing, storing, filtering, cleansing, and analyzing customer data. These activities

provide intelligence for the company in order to run promotional events and commercials and to provide personalized services to customers. Collaborative CRM addresses communication, collaboration, and coordination issues resulting from the transactional process between vendors and customers (Chen et al, 2014).

Though difficult to quantify, the ultimate goal of a supply chain is customer satisfaction. Put simply, *customer satisfaction* is the degree to which customers are satisfied with the product and/or service received. The following list represents typical service elements in a supply chain: (Min, 2015)

- **Product Availability**—Due to random fluctuations in the demand pattern, downstream supply chain partners often fail to meet the real-time needs of customers.
- **Response Time**—Response time represents an important indicator of the supply chain flexibility. Examples of response time include time-to-market, on-time delivery (a percentage of a match between the promised product delivery date and the actual product delivery date), order processing time (the amount of time from when an order is placed until the order is received by the customer), transit time (duration between the time of shipment and the time of receipt), cash-to-cash cycle time (the amount of time from when a product has begun its manufacturing until it is completely sold; this metric is an indicator of how quickly customers pay their bills), and downtime (a percentage of time resources that are not operational due to maintenance and repair) (Min, 2015).

According to Payne (2006), there are five key cross-functional CRM processes that need to be considered by most organizations.

The First one is, *the strategy development process*: demands a dual focus on the organization's business strategy and its customer strategy: how well the two interrelate will fundamentally affect the success of its CRM strategy. Deciding which customers to attract and to keep and which customers to be without, is also a crucial activity if organizational resources are to be optimized; this is the role of customer strategy (Payne, 2006).

Second: *The value creation process*: Is concerned with transforming the outputs of the strategy development process into programs that both extract and deliver value. The three key elements of the value creation process are: determining what value the company can provide for its customers (the 'value the customer receives'); determining what value the

company can extract from its customers (the ‘value the organization receives’); and, by successfully managing this value exchange, maximizing the lifetime value of desirable customer segments. In many instances the acquisition and retention of customers can be improved through insights drawn from the value proposition and the value assessment (Payne, 2006).

Third: *The multi-channel integration process*: Focuses on decisions about what is the most appropriate combination of channels to use; how to ensure the customer experiences highly positive interactions within those channels; and, where customers interact with more than one channel, how to create and present a ‘single unified view’ of the customer. To determine the best customer interface, it is necessary to consider the key issues underlying channel selection; the purpose of multi-channel integration; the channel options available; and the importance of integrated channel management for maintaining the same high standards across multiple, different channels. An effective multi-channel service must match the individual (and changing) needs of customers who may belong to a number of different customer segments simultaneously. CRM success will depend heavily on the organization’s ability to gather and deploy customer knowledge from the channels used as well as from other sources (Payne, 2006).

Fourth: *The information management process*: concentrates on the collection, collation and usage of customer data and information from all customer contact points. This is the process that enables the organization to construct complete and current customer profiles that can be used to enhance the quality of the customer experience. The key material elements of the information management process are: the data repository, consisting of databases and a data warehouse, which provides a powerful corporate memory of customers that is capable of analysis; IT systems comprising the organization’s computer hardware and related software and middleware; analytical tools to undertake tasks such as data mining; and front office and back office applications which support the many activities involved in interfacing directly with customers and managing internal administration and supplier relationships. These front office and back office applications cover a wide range of organizational tasks such as sales force automation, call center management, human resources, procurement, warehouse management, logistics software and some financial

processes. The overriding concern about front- and back-office systems is that they are sufficiently connected and coordinated to optimize customer relations and workflow (Payne, 2006).

Fifth: *The performance assessment process*: Concerns with the essential task of ensuring the organization's strategic aims in terms of CRM are being delivered to an appropriate and acceptable standard and that a basis for future improvement is established. Discussion centers on the two main components of this process: shareholder results which provide a 'macro' view of the overall relationships that drive performance; and performance monitoring which gives a more detailed 'micro' view of metrics and key performance indicators (KPIs).

As traditional performance measurement and monitoring systems, which tend to be functionally driven, are inappropriate for the cross-functional approach of CRM, care must be taken in defining the drivers and indicators of good performance across the five key CRM processes. The key drivers of shareholder results are highlighted: building employee value; building customer value; building shareholder value; and reducing end-to-end supply chain costs (Payne, 2006).

2.1.3.4 Information Sharing

It has been said that information is the lifeline of business, driving effective decisions and actions. (John, Jr, Robert & Brian, 2013) It is especially critical to supply chain managers because their direct line of sight to supply chain processes is very limited. Information provides them with insights and visibility into the supply chain activities taking place at distant supplier and customer locations. This visibility of demand, customer orders, delivery status, inventory stock levels, and production schedules provides managers with the knowledge needed to make effective situational assessments and develop appropriate responses. In contrast limited awareness of external activity would leave the supply chain manager blind to the true situation and unable to make knowledge-driven decisions (John et al, 2013). And as Lee, Padmanabhan & Whang (1997) described it; Distorted information from one end of a supply chain to the other can lead to tremendous inefficiencies: excessive inventory investment, poor customer service, lost revenues,

misguided capacity plans, ineffective transportation, and missed production schedules. This information must effectively flow within the organization and between key participants, to ensure the timely flow and control of materials and money in the supply chain (John et al, 2013).

In a stretched supply chain with complex layers of suppliers and distributors, the severity of forecasting errors could be far beyond the level of compromise. Hardest hit by such forecasting errors are often upstream suppliers with little resources whose visibility of true demand is blindsided by distorted information passed by their immediate customers (e.g., manufacturers) and other downstream customers (e.g., distributors and retailers). This phenomenon was often explained by the so-called “bullwhip” effect (Min, 2015).

- **Bullwhip Effect** refers to a supply chain-wide phenomenon that modest change of customer

demand is distorted and amplified toward the upstream end of the supply chain resulting in large variations of orders placed upstream. Lu (2011). According to Lu, such phenomenon has been observed repeatedly and reliably through all types of supply chains. Basically, The bullwhip effect has three key characteristics. The first is *oscillation*. The demand, orders or inventories move up and down in an alternative pattern. The second is *amplification*. The magnitude of the alteration and fluctuation increases as it travels to the upstream end of the supply chain. The third is *phase lag*. The cycle of peaks and troughs of one stage also tends to lag behind the one in the previous stage.

The impact of the Bullwhip effect can be very significant. Indeed, the increase in order variability implies that the firm needs to increase safety stock levels, or otherwise service levels decrease. In addition, it is difficult to manage resources, e.g., labor, equipment, and transportation, effectively. More importantly, companies are slow to respond to market changes because of the distortion in market signals (Yao, 2002).

John et al, (2013) added that, Information quality is a critical characteristic of the knowledge flowing across the supply chain. As the 7 R's definition of logistics applies to information as much as products with some slight alterations - Getting the right information to the right partners, in the right quantity, in the right format, at the right place, at the right time, and at the right cost. Thus, information quality is paramount to effective management of the supply chain.

The authors suggest, ‘to ensure that valuable, actionable knowledge readily flows across the supply chain, information must be accessible, relevant, accurate, timely and transferable’; *Accessible*: Information must be available to supply chain managers who have a legitimate need for it, regardless of their location or employer. *Relevant*: Supply chain managers must have pertinent information to make decisions. They must know what information is needed and be able to quickly acquire only that which is applicable to their current situation. *Accurate*: The information must be correct and depict reality; otherwise, it will be difficult to make appropriate decisions. Information inaccuracies can lead to inventory shortages, transportation delays, governmental penalties, and dissatisfied customers. *Timely*: The information must be up to date and available in a reasonable timeframe. As supply chain managers attempt to synchronize activities, become leaner, and address problems before they become crises, they need to knowledge embedded in real time data. *Transferable*: The final characteristic of information has multiple meanings. Just as we need translators to convert word from one language to another, supply chain managers need the ability to transfer supply chain data from one format to another to make it understandable and useful. Information also need to be transferred quickly form one location to another to facilitate accessibility and timeliness. A paper-based supply chain cannot support these requirements or a demand-driven supply chain. Hence, information must reside in electronic formats that can be readily transmitted and converted via supply chain information technology (John et al, 2013).

2.1.3.5 Operations Management

SCM consists of two dynamics (Ross, 2011). The first describes SCM as an operations management technique that enables companies to move beyond simply optimizing logistics activities only, to one where all enterprise functions-marketing, manufacturing, finance - are optimized by being closely integrated to form the foundation of a common business system. Enterprise integration at this level enables managers to connect and synchronize the day-to-day performance of key value enhancing activities that provide decisive competitive advantage. These operations activities can be divided into four functional groups. The first homogeneous set of activities, *inbound logistics*, includes sales forecasting, inventory planning, sourcing and purchasing, and inbound transportation. *Processing activities* form the second group. These consist of production, value-added

processing, work in-process inventory management, and finished goods warehousing. The third group consists of *outbound activities*, including finished goods inventory management, customer order management, and outbound and intracompany transportation. The final group can be found in the performance of *support activities*, including logistics systems planning, logistics engineering, and logistics control (Ross, 2011). The author has stated; the second dynamic of SCM can be seen in the extension of integrated logistics management to the performance of inter-channel logistics activities.

The objective of SCM at this level is to closely interface, if not merge, the logistics functions of an organization with the identical functions being performed by logistics counterparts found in outside supply channel partners. The author sees these two dynamics as two traditional dynamics. According to Ross (2011), SCM is viewed primarily as an *operations management activity* focused on accelerating the flow of inventory and information through the supply pipeline, optimizing internal business functions and synchronizing them with those of channel outside partners, and providing the mechanism to facilitate continuous channel-wide cost-reduction efforts and increased productivity. To these operational elements must be added a crucial *strategic dynamic*. SCM is about accelerating delivery times and reducing costs; it is also about utilizing new management methods and the power of information technologies to achieve order-of-magnitude breakthroughs in products and services that target the unique requirements of the marketplace.

2.2 Empirical Literature

2.2.1 Review of Empirical Studies on SCM practices

The research objectives in this study was designed to assess the supply chain management practices in terms of supply chain integration, strategic supplier partnership (procurement & supplier relationship management), customer relationship management, information sharing, and operations management to determine whether supply chain management practices were adopted by Batu Tannery Plc.

Ibrahim & Hamid (2012) developed and validated a measurement instrument for studying supply chain management practices. Data for the study were collected from 110

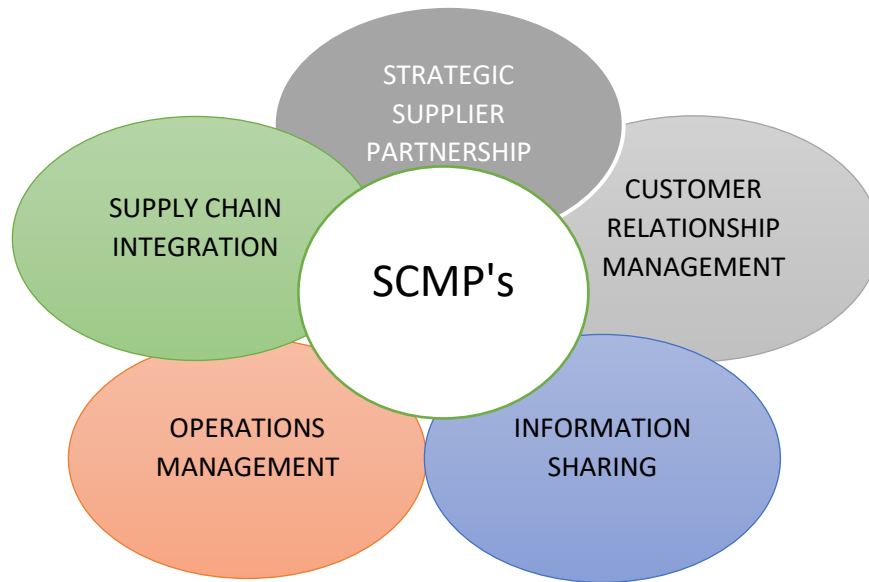
manufacturer companies. In addition, the measurement scales were tested and validated using a quantitative method. The authors classified the SCM practices into five: customers management, suppliers management, supply chain integration, speed of response, and information sharing. They tried to cover the entire aspects of supply chain management that includes customers, suppliers, and inter-organizational processes in the supply chain. And they identified that the manufacturing companies are consists of these five factors, namely; integration, information sharing, speed of responsiveness, and supplier's management and customers management. And the author concluded that the industrial companies were highly practicing of supply chain management practices above the average mean.

Mwale (2014), considered strategic supplier partnership, customer relationship, level of information sharing, quality of information, extent of outsourcing, lean practices and postponement as the key aspects of SCM practices in the study. The author had surveyed head of supply chain/procurement, head of finance and head of information technology department or their equivalent from various manufacturing firms. 46 large manufacturing firms were involved in the study. After analysis the author identified that strategic supplier partnership, customer relationship and information sharing practices have been adapted to a large extent.

Karimi & Rafiee (2014) proposed SCM practices from the following perspectives: strategic supplier partnership, customer relationship, level & quality of information sharing. Sudarsana & Teka (2015) examines supply chain management practices that encompasses strategic supplier partnership, information sharing, internal operation, information quality, and customer relationship and identified. Mutuerandu (2014) strategic supplier partnership, customer relationship, information sharing, and training practices finds out these SCM practices have a positive effect to organizational performance. Inda, Abu, Rohaizat, & Huam (2011) concerned on strategic supplier partnership, customer relationship, and information sharing as a SCM practices.

2.3 Conceptual Framework

Figure 1. The Conceptual Framework



CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Research Approach and Design

3.1.1 Research Approach

The research approach followed in this research was mixed approach. Mixed approach involves both aspects of quantitative and qualitative researches.

Mixed approach was the right approach to follow because of the nature of the research. The research used qualitative data collection instrument methods and assessed tannery's supply chain management practices within the major participants of the chain. It has examined current SCMP's experience of Batu and reached out to one supplier and two customers and got an in-depth opinion to fulfill the data requirement. In addition, with quantitative approach the study addressed specific questions about relatively well-defined supply chain management practices to internal departments of Batu and measured the variables.

3.1.2 Research Design

The research design followed in this research was Descriptive design. Descriptive research design was the right choice for this research for one main reason. This research examined the current supply chain management practice of Batu tannery plc and had described the findings as they appear.

3.2 Population and Sampling Techniques

3.2.1 Population

The study population of this research were tannery's internal departments, customers and supplier.

- The commercial/procurement and warehouse department have total of 36 workers including the department and line managers. One supplier's (Addis Ababa Abattoirs enterprise) Marketing manager and the customer's (Anbessa and

Kangaroo) one of each procurement department managers was included. Therefore, the total population was 39.

3.2.2. Sampling Technique

This research had conducted a Census survey. Since the population size was not big choosing Census survey for this study was appropriate. By adopting such technique, the entire population was involved in the research.

3.3 Types of Data and Tools/Instruments of Data Collection

This research had primary and secondary data. The secondary data was collected from different literatures, published books, web search and from different lecture notes.

The primary data was gathered from Batu tannery's commercial/procurement and warehouse department and from its supplier Addis Ababa Abattoirs Enterprise and its customers Anbessa shoe and Kangaroo shoe factories.

The data collection instrument in this research were both interview and questionnaires. The primary data was collected by distributing questionnaires to batu tannery's internal department. And interview was conducted with Marketing managers of Addis Ababa Abattoirs Enterprise and procurement managers of Anbessa and Kangaroo shoe Factories.

3.4 Procedures of Data Collection

The interview had Open ended questions (unstructured questions) and the data was collected by interviewing the marketing manager of supplier and the procurement managers of customers of batu tannery using an open-ended question.

The questionnaire had a close-ended question (structured questions) and the data was collected by distributing a questionnaire to batu tannery's commercial/procurement and warehouse department workers, department and line managers using a closed ended question.

The questions for the questionnaires and the interview was developed from different related literatures. And the types of questions that was adopted in the questionnaire was Likert

scale. Likert scale type of questions was used as a scores, as 1-strongly disagree, 2-disagree, 3-neutral, 4-agree, and 5-strongly agree.

3.4.1. Validity and Reliability

3.4.1.1 Validity

This study addressed content validity through the review of literature and adapting instruments used in previous research.

To achieve validity pre-pilot study was adopted and items were reviewed by the researcher’s advisor and five practitioners who were asked to comment on the appropriateness of the research constructs. Based on the feedback from the academicians and practitioners, redundant and ambiguous items were either modified and/or eliminated.

3.4.1.2 Reliability

A measure is reliable to the degree that it supplies consistent results Cooper & Schindler, (2014). According to Bryman and Bell (2007), reliability analysis is concerned with the internal consistency of the research instrument. As multiple items in all constructs was used, the internal consistency/reliabilities of SCM practices was assessed with Cronbach’s Alpha. Cronbach's coefficient alpha involves administering the test once to a single group of examinees. One way to interpret coefficient alpha is as the average reliability that would be obtained from all possible splits of the test (Feyera, 2018). According to this model a score of more than 0.7 is usually okay. For this study, see Table 2 on page 30.

Table 1: Cronbach’s Alpha, Internal Consistency

Cronbach's Alpha	Internal Consistency
$\alpha \geq 0.9$	Excellent
$0.8 \leq \alpha < 0.9$	Good
$0.7 \leq \alpha < 0.8$	Acceptable
$0.6 \leq \alpha < 0.7$	Questionable
$0.5 \leq \alpha < 0.6$	Poor
$\alpha < 0.5$	Unacceptable

3.5 Methods of data analysis

The method of data analysis in this research was descriptive analysis. This type of analysis was useful for this research because according to Feyera, (2018) it is used to transform a raw data into a form that will make them easy to understand and interpret. And as this study assessed the current status of supply chain management practice at the target tannery, it has transformed the gathered raw data from the targeted tannery's supply chain participants, into an easy to understand form in order to make it useful for future users. Mean, Frequency and percentage were used to analyze the data supported by SPSS version 2016. And narrative method was used to analyze data gathered from the interview.

CHAPTER FOUR

RESULTS & DISCUSSIONS

4.1 Results/Findings of the study

This study assessed current status of supply chain management practices at Batu tannery plc. This section details the results of the data collection through questionnaire dissemination and an interview conducted with the target company's supplier and customers. In the following sections the reliability of the assessment made of the data collected are presented. This includes demographic data and supply chain management practice implementation levels in terms of identified variables. The data analysis presentation is based on SPSS analysis of the gathered data.

4.1.1 Reliability Test

Cronbach's alpha was used to measure the reliability of the individual sub constructs of supply chain management practices of Batu tannery plc. The following table summarizes the reliabilities (Cronbach's α) of the sub-constructs - supply chain integration, strategic supplier partnership, customer relationship management, information sharing, and operations management.

Table 2: Computed reliabilities of the sub-constructs studied

Measurement Items	No. of Items	(Cronbach's α)
Supply Chain Integration	12	$\alpha = 0.719$
Strategic Supplier Partnership	13	$\alpha = 0.817$
Customer Relationship Management	6	$\alpha = 0.716$
Information Sharing	13	$\alpha = 0.702$
Operations Management	14	$\alpha = 0.770$

Source: on survey, 2019

4.1.2 Demographic and General Information of respondents

4.1.2.1 Response rate

A total of 36 questionnaires were disseminated in person to respondents and all of them were returned.

4.1.2.2 Background of the Respondents

Since the target company doesn't have supply chain division, the respondents were selected to ensure that they are from the appropriate department to provide more detailed information. The researcher identified the departments which have more knowledge about the operational activities of the company and have immediate contact with customers and suppliers. Those departments were commercial/procurement and warehouse departments. Respondents were familiar with the day-to-day operational activities of the company with regards to supply chain management practices. Additionally, three managers from the supplier and customers were interviewed to bring in more perspective.

The results of the general information on respondents as obtained from Section 1 of the questionnaire (Appendix A), are outlined below;

Table 3: Background of the Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Educational qualification	College diploma	7	19.4	19.4	19.4
	First degree	25	69.4	69.4	88.9
	Second degree	4	11.1	11.1	100.0
	Total	36	100.0	100.0	
Years of service in current position	under 2 years	1	2.8	2.8	2.8
	2-5 years	12	33.3	33.3	36.1
	6-10 years	18	50.0	50.0	86.1
	over 10 years	5	13.9	13.9	100.0
	Total	36	100.0	100.0	

Source: on survey, 2019

As indicated in Table 3 above, educational qualifications of the respondents indicated 69.4% of the respondents have first degree. This shows that the respondents can clearly understand the questions and give valuable input about the issues raised in the questionnaire.

The number of years that the respondents had been in operation in their current position was as outlined in the above table shows that 50% of the respondents had been operating between 6-10 years. Therefore, one could say that the respondents have long experience in their working area and have adequate know-how about tannery's relation with its customers and suppliers.

4.1.3 SCM Practices of questionnaire results

In this section, the perception of respondents on each of the supply chain practices was described in terms of Supply chain integration, Strategic supplier partnership, customer relationship management, information sharing, and Operations management variables.

With respect to supply chain management practices, respondents were asked to select one of the alternatives, which represent their organizations SCM practices from the questions arranged in five-point Likert scale method. According to Cooper & Schindler (2014) in using a 5-point scale a scale value of 1 indicated a strongly unfavorable attitude (strongly disagree). The other intensities were 2 (disagree), 3 (neither agree nor disagree), 4 (agree), and 5 (strongly agree), a strongly favorable attitude.

To interpret the mean score, the researcher adopted the interpreting procedure as shown in Table 4 below;

Likert Scale interval points

$$\text{Interval} = \frac{\text{The highest score} - \text{The lowest Score}}{\text{Number of Interval}}$$

$$\text{Interval} = \frac{5 - 1}{5} = 0.8$$

The mean score obtained from each item was interpreted into degree of the factors as below;

Table 4: Likert Scale points

Likert Scale	Average score	Rating
Strongly agree	Average Score = 4.21 - 5.00	Very High
Agree	Average Score = 3.41-4.20	High
Neutral	Average Score = 2.61 - 3.40	Neutral
Disagree	Average Score = 1.81 - 2.60	Low
Strongly disagree	Average Score = 1.00 - 1.80	Very Low

Source: Chaihiranwattana &Nookua (2010)

4.1.3.1. Analysis on Supply Chain Integration

One major activity firms undertake to ensure the management of their supply chain is supply chain integration. This section presents analysis on activities that ensure supply chain integration. The respondents were asked about their practice of maintaining supply chain integration in twelve variables.

Table 5: Responds on Supply chain Integration Practices

	N	Mean	Std. Deviation	F	%
Establish more frequent contact with each other	36	4.63	0.48	23	63.9
Create a compatible communication and information system	36	4.25	0.6	21	58.3
Participates in the marketing efforts of its customers	36	3.41	0.5	21	58.3
participates in the sourcing decisions of its suppliers	36	3.61	0.49	22	61.1
Suppliers share their production capacity with your company	36	4.41	0.55	19	52.8
Suppliers share their production schedule with your company	36	3.83	1	15	41.7
Company share your production plan with your suppliers	36	4.08	0.69	19	52.8
Computerize your system to ease of customer ordering	36	3.86	0.83	22	61.1
Share the available inventory with the major customers	36	4.11	0.57	24	66.7
Our company monitors and measures the shared information from its trading partners	36	3.86	0.83	22	61.1
Have a periodic interdepartmental meeting among internal functions	36	4.38	0.49	22	61.1
Inventory management practice is done jointly with internal functions	36	4.11	0.57	24	66.7
Total mean & % of SCI		3.95			55.1

Source: on survey, 2019

Table 5 above illustrates internal department's responds as to whether Batu tannery plc adopt supply chain integration. The mean scores of the respondents for most items of supply chain management practice in terms of supply chain integration range from 3.41 to 4.63, which is between Agree and Strongly Agree. Each variable's highest percentage of the responses are presented below;

63.9% of respondents indicated that they strongly agreed that firms in Batu tannery's supply chain establish frequent contact with each other. 58.3% of them agreed that Batu tannery's supply chain create a compatible communication and information system. 58.3%

of respondents were uncertain whether Batu tannery participate in marketing efforts of its customers. 61.1% of respondents agreed that Batu tannery participate in the sourcing decision of its suppliers. 52.8% of respondents indicates that they agreed that Batu tannery's suppliers share their production capacity with their company. 41.7% of respondents agreed that Batu tannery's suppliers share their production schedule with their company. 52.8% of respondents agreed that Batu tannery share their production plan with their supplier.

61.1% of respondents agreed that Batu tannery computerize their system to ease of customer ordering. 66.7% of respondents agreed that Batu tannery share the available inventory with the major customers. 61.1% of respondents agreed that Batu tannery monitors and measures the shared information from its trading partners. 61.1% of respondents agreed that Batu tannery have a periodic inter-departmental meeting among internal functions. 66.7% of respondents agreed that inventory management practice in Batu tannery is done jointly with internal functions.

As it can be observed from the results of internal departments perspective, almost all of supply chain integration activities were practiced at the highest level, and respondents were uncertain for only one activity, this indicated that such activity needs improvement at tannery.

4.1.3.2 Analysis on Strategic supplier partnership

The respondents were asked about their practice of maintaining strategic supplier partnership in thirteen variables.

Table 6: Responds on Strategic Supplier Partnership

	N	Mean	Std. Deviation	F	%
Very strong when negotiating price with vendors	36	3.8	0.52	25	69.4
Assessed, developed and selected suppliers systematically	36	4.41	0.5	21	58.3
Purchase raw materials from few dependable and high-quality suppliers	36	4.33	0.71	17	47.2
Monitors the usage of applicable procurement laws and standards	36	4.38	0.64	17	47.2
Gives written operation instruction for production of quality products.	36	4.44	0.5	20	55.6
Consider quality as number one criterion in selecting suppliers	36	4.38	0.49	22	61.1
Has a procedure for inspection, analysis of test result, to handle non-conforming products, to clarify measures and to approve decisions.	36	4.25	0.5	25	69.4
Strive to establish long term relationship with its suppliers	36	4.33	0.47	24	66.7
Provides information to the suppliers for improving their products quality.	36	3.86	0.63	21	58.3
Has continuous improvement programs that include its key suppliers	36	4.02	0.73	17	47.2
Include its key suppliers in its planning and goal setting activities	36	3.72	0.45	26	72.2
Actively involves its key suppliers in new product development processes	36	3.47	0.69	23	63.9
Regularly solve problems jointly with its suppliers	36	3.27	1.11	13	36.1
Total mean & % of SSP		4.05			54.7

Source: on survey, 2019

Table 6 above illustrates internal department's responds as to whether Batu tannery plc adopt strategic supplier partnership. The mean scores of the respondents for most items of supply chain management practice in terms of strategic supplier partnership range from

3.27 to 4.44, which is between Neutral and Strongly Agree. Each variable's highest frequency and percentage of the responses are presented below;

69.4% of respondents agreed that Batu tannery have a very strong price negotiation with vendors. 58.3% of respondents agreed that Batu tannery assess, develop and select suppliers systematically. 47.2% of respondents agreed that Batu tannery purchase raw materials from few dependable and high-quality suppliers. 47.2% of respondents strongly agreed that Batu tannery monitors the usage of applicable procurement laws and standards.

55.6% of respondents agreed that Batu tannery gives written operational instruction for production of quality products. 61.1% of respondents agreed that Batu tannery consider quality as number one criterion in selecting suppliers. 69.4% of respondents agreed that Batu tannery has a procedure for inspection, analysis of test result, to handle non-conforming products, to clarify measures and to approve decisions. 66.7% of respondents agreed that Batu tannery strive to establish long term relationship with its suppliers.

58.3% of respondents agreed that Batu tannery provides information to the suppliers for improving their products quality. 47.2% of respondents agreed that Batu tannery has a continuous improvement programs that include its key suppliers. 72.2% of respondents agreed that Batu tannery includes its key suppliers in its planning and goal setting activities. 63.9% of respondents were uncertain whether Batu tannery actively involves its key suppliers in new product development processes. 36.1% of respondents agreed that Batu tannery regularly solves problems jointly with its suppliers.

As it can be observed from the above results of internal departments perspective, almost all of strategic supplier partnership activities were practiced at the highest level and respondents were uncertain on the implementation of one of the activities which indicated that such activity needs improvement at tannery.

4.1.3.3 Analysis on Customer relationship Management

The respondents were asked about their practice of maintaining customer relationship management in six variables.

Table 7: Responds on Customer Relationship Management practices

	N	Mean	Std. Deviation	F	%
Frequently interacts with customers to achieve reliability, responsiveness, and improve some basic standards	36	3.83	0.69	18	50.0
Frequent follow-up with its customers for quality/service feedback	36	3.94	0.58	24	66.7
Frequently measures and evaluates customer satisfaction	36	4.02	0.69	19	52.8
Regularly forecast future customer expectations	36	3.94	0.58	24	66.7
Frequently evaluates the formal and informal complaints of its customers	36	4.3	0.46	25	69.4
Periodically evaluates the importance of its relationship with its customers	36	4.36	0.59	19	52.8
Total mean & % of CRM		4.06			59.7%

Source: on survey, 2019

Table 7 above illustrates internal department's responds as to whether Batu tannery plc adopt customer relationship management. The mean scores of the respondents for most items of supply chain management practice in terms of customer relationship management range from 3.83 to 4.36, which is between Agree and Strongly Agree. And the frequency and percentage of the results are presented below;

50% of respondents agreed that Batu tannery have frequent interaction with customers to achieve reliability, responsiveness, and improve some basic standards. 66.7% of respondents agreed that Batu tannery have a frequent follow-up practice with its customers for quality/service feedback. 52.8% of respondents agreed that Batu tannery frequently measures and evaluate customer satisfaction. 66.7% of total respondents agreed that Batu tannery regularly forecast future customer expectations

69.4% of respondents agreed that Batu tannery frequently evaluates the formal and informal complaints of its customers. 52.8% of respondents agreed that Batu tannery periodically evaluates the importance of its relationship with its customers.

As it can be observed from the above results of internal departments perspective, all of customer relationship management activities were practiced at the highest level.

4.1.3.4 Analysis on Information Sharing

The respondents were asked about their practice of maintaining Information Sharing in thirteen variables.

Table 8: Responds on Information Sharing practices

	N	Mean	Std. Deviation	F	%
Share business knowledge of core business process with our company	36	3.69	0.62	19	52.8
Informs its trading partners in advance of changing needs	36	3.58	0.55	19	52.8
Trading partners keep your company fully informed about issues that affect its business	36	3.3	0.52	26	72.2
Exchange information that will help for the establishment of business planning	36	3.69	0.62	19	52.8
Keep each other informed about events or changes that may affect the other partners	36	3.33	0.53	25	69.4
Information exchange between your company and its trading partners is timely	36	2.91	0.64	21	58.3
Information exchange between your company and its trading partners is accurate	36	2.66	0.63	18	50.0
Information exchange between your company and its trading partners is complete	36	2.83	0.5	26	72.2
Information exchange between your company and its trading partners is adequate	36	2.69	0.46	25	69.4
Information exchange between your company and its trading partners is reliable	36	2.91	0.28	33	91.7
Exchange of information with your partners (formally or informally) is frequent	36	2.83	0.5	26	72.2
Trading partners share proprietary information with your company	36	2.66	0.63	18	50.0
Your company share production status to customers	36	3.69	0.62	19	52.8
Total mean & % of IS		3.17			59.0

Source: on survey, 2019

Table 8 above illustrates internal department's responds as to whether Batu tannery plc adopt information sharing. The mean scores of the respondents for most items of supply chain management practice in terms of information sharing range from 2.66 to 3.69, which is between neutral and Agree. And the frequency and percentage of the results are presented below;

52.8% of respondents agreed that Batu tannery's trading partners share business knowledge of core business process with them. 52.8% of respondents agreed that Batu tannery informs its trading partners in advance of changing needs.

72.2% of respondents were uncertain whether Batu tannery's trading partners keep them fully informed about issues that affect its business. 52.8% of respondents agreed that Batu tannery exchange information that will help for the establishment of business planning. 69.4% of respondents were uncertain that whether Batu tannery's supply chain partners keep each other informed about events or changes that may affect the other partners. 58.3% of respondents were uncertain that whether information exchange between Batu tannery and its trading partners is timely. 50% of respondents were uncertain whether information exchange between Batu tannery and its trading partners is accurate. 72.2% of respondents were uncertain whether information exchange between Batu tannery and its trading partners is complete.

69.4% of respondents were uncertain whether information exchange between Batu tannery and its trading partners is adequate. 91.7% of respondents were uncertain whether information exchange between Batu tannery and its trading partners is reliable. 72.2% of respondents were uncertain that whether exchange of information with Batu tannery's partners (formally or informally) is frequent. 50% of respondents were uncertain whether Batu tannery's trading partners share their proprietary information with them. 52.8% of respondents agreed that Batu tannery share production status to its customers.

As it can be observed from the above results of internal departments were uncertain to the implementation of most of information sharing activities at tannery and only four of the variables has the highest level of implementation.

4.1.3.5 Analysis on Operations Management

The respondents were asked about their practice of maintaining operations management in fourteen variables.

Table 9: Responds on Operation Management practices

	N	Mean	Std. Deviation	F	%
Flexible production system to market change	36	4.05	0.58	27	75.0
Company's capacity utilization is very good	36	3.91	0.6	23	63.9
Delivers product to market quickly	36	3.16	0.87	17	47.2
Run operation with less production cost	36	3.55	0.73	25	69.4
Minimizes excess inventory using accurate demand forecast	36	3.25	1.1	14	38.9
Prevent opportunity loss that might occur due to stockout	36	3.52	0.97	19	52.8
Operation hours of your company's warehouse are convenient to customers	36	4.05	0.53	26	72.2
Company's warehouse keeps their records accurately	36	3.77	0.92	24	66.7
Employees of your warehouse understand the specific needs of their customers	36	3.02	0.99	18	50.0
Deliver the kind of products needed	36	3.66	0.894	22	61.1
Deliver customer orders on-time	36	3.5	1	19	52.8
Time to solve customer complaints at your company is short	36	3.52	0.81	23	63.9
Customer order processing time at your company is short.	36	3.83	0.6	22	61.1
Willing to produce based on individual customer requirements	36	4.27	0.45	26	72.2
Total mean & % of OM		3.65			60.5

Source: on survey, 2019

Table 9 above illustrates internal department's responds as to whether Batu tannery plc adopt operations management. The mean scores of the respondents for most items of supply chain management practice in terms of operations management range from 3.02 to

4.27, which is between Neutral and Strongly Agree. And the frequency and percentage of results are presented below;

75% of respondents agreed that Batu tannery have flexible production system to market change. 63.9% of respondents agreed that Batu tannery have a very good capacity utilization. 47.2% of respondents agreed that Batu tannery delivers products to market quickly. 69.4% of respondents agreed that Batu tannery runs operation with less production cost. 38.9% of respondents agreed that Batu tannery minimizes excess inventory using accurate demand forecast. 52.8% of respondents agreed that Batu tannery prevent opportunity loss that might occur due to stockout. 72.2% of respondents agreed that operation hours of Batu tannery warehouse are convenient to customers. 66.7% of respondents agreed that Batu tannery's warehouse keeps their records accurately.

50% of respondents agreed that Batu tannery's warehouse understood the specific needs of their customers. 61.1% of respondents agreed that Batu tannery delivers the kind of products needed. 52.8% of respondents agreed that Batu tannery delivers customers' orders on-time. 63.9% of respondents agreed that time to solve complaints at Batu tannery is short. 61.1% of respondents agreed that customer order processing time at Batu tannery is short. 72.2% of respondents agreed Batu tannery is willing to produce based on individual customer requirements.

As it can be observed from the above results of the internal departments perspective, most all of respondents agreed that the operations management activities were practiced at the highest level in Batu tannery.

To summarize the above analysis of data collected from internal departments of Batu tannery plc, the following table was drawn to show the mean value of supply chain management practices in terms of Supply Chain integration, strategic supplier partnership, customer relationship management, information sharing, and operations management;

Table 10: Aggregate Mean score of SCMP's

SCMP's	Mean
SCI	3.95
SSP	4.05
CRM	4.06
IS	3.17
OM	3.65

Source: on survey, 2019

As it is shown in the Table 10 above, the mean values of SCMP's indicated that, except information sharing all of supply chain management practices are practiced at the highest level in the target company. However, respondents of internal departments of Batu tannery neither agree nor disagree in the implementation of the activities of information sharing.

4.1.4 SCM Practices of interview results

4.1.4.1 SCM practice of Batu tannery from the supplier's perspective

The aim of this section was to find out from the interviewees (Marketing Manager of supplier) what kind of relationship they have with the target company regarding to supply chain management practices from supplier's point of view. The following issues were identified:

4.1.4.1.1 SCI practice of Batu tannery from supplier's perspective

Question 1: *How long have you been working with Batu and explain your relationship with tannery?*

As per the supplier; tannery and supplier have been working for more than ten years and they have built a long-term relationship. During these years of working together, they have a practice of frequently contacting with each other. And Addis Ababa Abattoirs enterprise share its production capacity and production schedule with Batu tannery by inviting them to tender.

4.1.4.1.2 SSP practice of Batu tannery from supplier's perspective

Question 2: *Does tannery give your enterprise a written operational instruction for production of quality products?*

As per the supplier; tannery and supplier have been working for more than ten years, and they have built a long-term relationship. Tannery follows procurement laws; Supplier do not get any written instruction for production of quality products, however, as tannery purchased raw materials by participating in tender, they take what is offered by the supplier's invitation. So, tannery will see those options and if they participate on tender it means they have agreed to the terms and conditions.

Question 3: *When problems occur, does tannery strive to jointly solves them with your enterprise?*

When tannery have complaints such as; complaints of defective products, supplier will compensate for those products by giving them a discount. Which also confirms tannery have a good negotiation practice. Tannery and supplier worked jointly to solve problems. Such problems would be defective raw materials, which are usually caused by disease or parasites, or bad slaughtering. When such problem occurred, supplier offer tannery lower prices so that they both benefit from it and tannery is also flexible to work together as it is a loyal customer to supplier.

Question 4: *Do they invite or involve your enterprise in their new product development processes, and to what extent does tannery involve you in their supply chain?*

Marketing manager: communication with Batu was based on purchased products only. Since supplier have no experience in finished products, tannery doesn't involve supplier in new product development process, other than handling complaints regarding raw materials.

4.2.4.1.3 IS practice of Batu tannery from supplier's perspective

Question 5: *What about the information sharing practice with tannery about improving your products quality, new market opportunities or changing customer requirements?*

As per the marketing manager the information sharing practice usually starts when supplier invites customers to bid on the sale of raw skins and the communication of the invitation for bid letter is sent to tannery by fax machine. Then tannery submit their tender document and if they win, they will get an award to buy the proposed raw materials from supplier with firstly signed purchasing contract agreement. while this formal purchasing activity is practical, they also offer tannery to buy raw material informally in times of low demand, as the products are perishable and need to be sold to avoid loss. The communication about complaints and/or any other issues, before or after purchasing of raw material, are done by telephone conversation and supplier is not active in email. However, supplier agreed that tannery keep them fully informed regarding issues that involve them. As supplier sell tannery a very limited options of products, they don't have that much involvement in their production or marketing opportunities. Even though Tannery's and supplier's information sharing practice is limited to the purchasing offer and purchased raw materials, according to supplier, it is frequent, accurate, timely and complete.

4.1.4.2 SCM practice of Batu tannery from the customer's perspective

The aim of this section was to find out from the interviewees (Procurement Managers of customers) what kind of relationship they have with the target company regarding to supply chain management practices from customer's point of view. The following issues were identified:

4.1.4.2.1 SCI practice of Batu tannery from the customer's perspective;

Question 1: How would you see your relationship with Batu tannery plc? What about the level of integration with your factory and Batu tannery plc? Do they involve you in the production process?

As per the procurement managers: tannery and customers have been working together for above six years and they have built a long-term relationship, and during these working years they have experience of frequently contacting with each other. Tannery computerized its system because one of the ways of communication between customers and tannery was email, the other ways of communication was with telephone and letter. And as per customers, it made the ordering and follow-up easy also both can benefit from time and cost saving.

Batu tannery was involved in customers marketing efforts in a way that customers let tannery know its production schedule so that tannery should keep its delivery date. This is to make sure the finished products of the customers' schedule won't be affected.

4.1.4.2.2 CRM practice of Batu tannery from customer's perspective;

Question 2: *Does Batu tannery plc provide the quantity you need at the promised date?*

Procurement managers: compared to other suppliers Batu tannery was better in getting close to delivery date but promised delivery date and quantity were not still as such at its strong practice.

Question 3: *How would you see the tannery's compliant management and its effectiveness?*

As per the marketing managers response: in case of handling complaints, Batu is a strong negotiator, instead of achieving reliability and improve standards, Batu tannery strongly negotiates to avoid the return of the already purchased goods due to defects. To give conclusion, tannery is not rigid in negotiating but not flexible as well.

4.1.4.2.3 IS practice of Batu tannery from customer's perspective;

Question 4: *How do you see information sharing practice between your factory and Batu tannery plc?*

Marketing managers: The information sharing practice of tannery and customers are based on telephone, email and letter. Tannery give full information to customers regarding issues that involves them, and they also exchange information that might help for the establishment of business planning. And mostly tannery let customers know about new developments and available products in advance. Getting the production status, and new product development information's from tannery is frequent, adequate, and timely.

4.2 Discussion of Results

The aim of the research presented in this study was to add to the knowledge on supply chain management practices by assessing supply chain integration, strategic supplier partnership, customer relationship management, information sharing and operations management. The findings from the analysis shows that most of supply chain management

practices in terms of supply chain integration, strategic supplier partnership, and operations management were adopted to the highest level by the target company. However, information sharing, and customer relationship management were the practices that needs improvement by Batu tannery.

4.2.1 Discussion on Supply Chain Integration

Batu tannery has ensured that its supply chain was able to adopt supply chain integration practice. According to Benjabutr (2018) Integration of supply chain is how everyone in the company and its trading partners work in sync to achieve the same business objectives via integrated business process and information sharing. For instance, due to such practice, they will be able to minimize needless costs, prioritize and focus on the specialized assets that would improve their products, increase market share or enhance operating profits. In this light, a company could be able to fight its competition and emerge as the winner with integrated supply chain management. In fact, the findings indicate that trading partners and Batu tannery have adopted a centralized supply chain management system to ensure product quality and cost improvement.

4.2.2 Discussion on Strategic Supplier Partnership

The study revealed that Batu tannery also recognizes the need to ensure effective strategic supplier partnership. Strategic supplier partnership Allows a company to share operational and technical resources, to put their resources together towards different ventures and save cost. According to Deloitte (2014) Many organizations struggle to manage their supplier relationship systematically. The main reason behind this is their lack of a clear framework with aligned guidelines on supplier management. A clear framework to manage supplier relationships at different levels and in different functions reduces the level of complexity and increases transparency internally as well as externally (Deloitte, 2014).

A close supplier relationship can create benefits, such as cost reductions on goods and services, streamlined procurement processes, and regulatory compliance (Chen et al, 2014). With regards to this, each of the business involved can meet their objectives faster, and they can lower their expenses through joint staff training and sharing infrastructure and

transport facilities. The findings indicate that suppliers and Batu tannery have adopted an open book concept to continuously explore areas of product and cost improvement. As it is described above such finding will have a meaning that from creating a transparent relationship with their supplier Batu tannery has benefited in cost reduction and product improvement.

4.2.3 Discussion on Customer Relationship Management

Even though, the results from the analysis of Batu tannery's internal department's perspective shows that this practice was adopted in the highest level, the findings from customer's point of view of such practice shows the opposite in some issues, such as; tannery have a problem of delaying orders and flexibility in handling customer complaints. And this research sees these two activities as the most essential activities because according to Min (2015) the ultimate goal of supply chain management is to serve the customer better; supply chain management begins with the understanding of customer values and requirements. So, even though tannery believes that they are doing well in customer relationship management, the findings from interviews shows that customers have needs that are not satisfied yet and Batu doesn't seem to recognize such needs.

4.2.4 Discussion on Information sharing

The supplier base of Batu has been narrow which allows the supply chain to share information between every party more easily, and a small supplier base also makes it possible in maintaining a long-time prospect. However, information sharing was the least adopted practice at the target company. This could be as a result of the target company could not have realized the enormous positive role that this practice has on the entire chain. Such as; Accurate and reliable information should flow across all levels of the business regardless if it's good or bad. Because Integrated workflows and free flow of information give everyone a better appreciation of how other teams and departments are affected by their actions.

4.2.5 Discussion on Operations Management

The final practice that has been adopted in the highest level by Batu tannery was operations management. According to Ross (2011), SCM is viewed primarily as an operations management activity focused on accelerating the flow of inventory and information through the supply pipeline, optimizing internal business functions and synchronizing them with those of channel outside partners, and providing the mechanism to facilitate continuous channel-wide cost-reduction efforts and increased productivity. Also, operations management improves the company's competitive standing. This is because the business gets a better understanding of its operating environment and can adapt its tactics more effectively to changing conditions. With regards to the findings from the study shows, Batu tannery ensure a smooth and effective production process. As it is explained above such practice will allow Batu to increase productivity and also enhance competitive advantage.

Even though the following previous researches that are related to supply chain management practices do not directly use the same data analysis as the present research, this research will only link the related findings of SCM practices of those researches for discussion of analysis.

According to Inda et al, (2011) information sharing, customer relationship and strategic supplier partnership were practiced in consumer goods industry, and the findings shows that information sharing has strong determinant on competitive advantage than customer relationship and strategic supplier partnership. Therefore, the better information sharing, the better competitive advantage was. Based on these findings this research has linked Batu tannery's information sharing practice to the finding of Inda et al, (2011) in order to point out such findings indicates that effective information sharing would lead to increased competitive advantage and generate firm's performance, and the missing opportunities that Batu tannery is having while working within a competitive environment.

Moreover, other most related research results reveal that, according to Sudarsana, & Teka (2015) after identifying supply chain management practices in terms of strategic supplier partnership, internal operation, customer relationship and information sharing, the researchers found that nourishing long term mutually beneficial relationships with

suppliers and sharing quality information in real time throughout the supply chain leads to more responsive suppliers. After pointing out the findings they have concluded their research as; supply chain management practice in Ethiopian leather firms is not used as a weapon in highly competitive global marketplaces. The findings of Sudarsana & Teka (2015) had shown a huge gap that was existed in Ethiopian Leather industry. However, as the present research has conducted an assessment in one of the Ethiopian leather firms, the findings of the current practice of supply chain management practices has shown that even though there are activities that are still not practiced in terms of supply chain management, the current status shows that there is an improvement in implementing SCMP's.

CHAPTER FIVE

SUMMARY OF THE MAJOR FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of the major findings

The study aimed to assess the current status of supply chain management practices of Batu tannery with the research questions of what the tannery's Supply Chain Management practices are in terms of; Supply Chain Integration, Strategic Supplier Partnership, Customer Relationship Management, Information Sharing, and Operations Management. And found out that most of SCMP's are adopted in Batu tannery. It was also clear from the study that from the five variables, three of them; supply chain integration, strategic supplier partnership, and operations management, was practiced at the target company. However, information sharing, and customer relationship management were the least adopted practices. The findings of this research thus indicated importance of supply chain management to organizations and which areas should they focus on.

5.1.1 Supply chain Integration in Batu Tannery plc

What the researcher has observed from the internal department's response showed that, the mean value of supply chain integration was 3.95, which indicated that it was practiced at the highest level in batu tannery. This was seen from 55.1% of respondents from tannery's internal departments agreed to the implementation of supply chain integration practice in terms of establish more frequent contact with each other, create a compatible communication and information system, participates in the sourcing decisions of their suppliers, suppliers share their production capacity with them, suppliers share their production schedule with them, they share their production plan with suppliers, computerize their system to ease of customer ordering, share the available inventory with the major customers, they monitor and measure the shared information from the trading partners, have a periodic interdepartmental meeting among internal functions, and inventory management practice is done jointly with internal functions. However, respondents were uncertain to the implementation of tannery participates in the marketing

efforts of its customers which implies such activity management attention and/or improvement in batu tannery.

As it has been observed from the results gathered from the supplier and customers of the target company has shown the same result as the results gathered from internal departments. However, customers of the target company have agreed that Batu tannery is involved in the marketing efforts of their company.

5.1.2 Strategic Supplier Partnership in Batu Tannery plc

What the researcher has observed from internal departments response showed that, the man value of strategic supplier partnership was 4.05. This implied that it was practiced at the highest level in batu tannery. This was seen from 54.7% of respondents agreed to the implementation of Strategic Supplier Partnership practice in terms of very strong when negotiating price with vendors, assessed, developed and selected suppliers systematically, purchase raw materials from few dependable and high-quality suppliers, monitors the usage of applicable procurement laws and standards, consider quality as number one criterion in selecting suppliers, has a procedure for inspection, analysis of test result, to handle non-conforming products, to clarify measures and to approve decisions, strive to establish long term relationship with its suppliers, provides information to the suppliers for improving their products quality, has continuous improvement programs that include its key suppliers, include its key suppliers in its planning and goal setting activities.

However, respondents were uncertain whether tannery were actively involved its key suppliers in new product development processes and regularly solve problems jointly with its suppliers.

As it has been observed from the results gathered from the supplier of the target company has shown the same result as the results gathered from internal departments, which is building long term relationship with major supplier, jointly solve problems, information sharing practices are applied at tannery. And about giving supplier a written operational instruction, since they are buying by participating in tender the documents came from the supplier but as there is still a written instruction involved, we can say that tannery has experience of such activity. Supplier also agreed that tannery doesn't involve them in new

product development processes. So, this research has found that such activity needs tannery's management attention.

5.1.3 Customer Relationship Management in Batu Tannery plc

The researcher's findings from the internal departments perspective of this paper showed that, the mean value of customer relationship management was 4.06. This indicated that it was practiced at the highest level in batu tannery. This was seen from 59.7% of respondents agreed to the implementation of Customer Relationship Management practice in terms of frequently interacts with customers to achieve reliability, responsiveness, and improve some basic standards, frequent follow-up with its customers for quality/service feedback, frequently measures and evaluates customer satisfaction, regularly forecast future customer expectations, frequently evaluates the formal and informal complaints of its customers, periodically evaluates the importance of its relationship with its customers.

As it has been observed from the results gathered from the Customers of the target company has shown that Customer relationship management in Batu tannery needs improvement in the area where tannery have a problem of delaying orders and flexibility in handling customer complaints.

5.1.4 Information Sharing in Batu Tannery plc

What the researcher has observed from the internal department's perspective was that, the mean value of Information Sharing was 3.17. This indicated that it was practiced at Neutral level which means 59% of internal departments of Batu tannery were uncertain to the implementation of Information Sharing activities in terms of Trading partners keep them fully informed about issues that affect their business, keep each other informed about events or changes that may affect the other partners, Information exchange between them and their trading partners was timely, Information exchange between them and their trading partners was accurate, Information exchange between them and their trading partners was complete, Information exchange between them and their trading partners was adequate, Information exchange between them and their trading partners was reliable, exchange of information with trading partners (formally or informally) was frequent, Trading partners share proprietary information with them. However, share business knowledge of core

business process with Batu tannery, informs its trading partners in advance of changing needs, exchange information that will help for the establishment of business planning, the company share production status to customers were practiced at the highest level.

As it has been observed from the results gathered from the suppliers and Customers of the target company has shown that information sharing with Batu tannery was practiced in terms of being fully informed by tannery about issues that involved them, share business knowledge for business process, exchange of information that would help for the establishment of business planning and the information shared with them were frequent, accurate, timely and adequate.

5.1.5 Operations Management in Batu Tannery plc

The research results from the internal departments perspective showed that, the mean value of operations management was 3.65. which implied that it was practiced at the highest level in batu tannery. This was seen from 60.5% of respondents agreed to the implementation of Operations Management activities in terms of; flexible production system to market change, company has a very good capacity utilization, company delivers product to market quickly, runs operation with less production cost, minimizes excess inventory using accurate demand forecast, prevent opportunity loss that might occur due to stockout, Operation hours of the company's warehouse are convenient to customers, company's warehouse keeps their records accurately, Employees of company's warehouse understand the specific needs of their customers, deliver the kind of products needed, deliver customer orders on-time, Time to solve customer complaints at tannery is short, Customer order processing time at tannery is short, tannery is willing to produce based on individual customer requirements.

5.2 CONCLUSIONS

As discussed in previous chapters this research was carried out to assess supply chain management practices (SCMP) taking the case of Batu Tannery PLC. After reviewing different literatures and previous studies, a research framework was designed, and supply chain management practices were identified. The current implementation of supply chain

management practices- supply chain integration, strategic supplier partnership, customer relationship management, information sharing, and operations management were analyzed. Based on the findings through the methodology adopted in the study, the following conclusions have been drawn:

The data analysis showed that the case company has adopted most of supply chain management practices in terms of supply chain integration, strategic supplier partnership and operations management, but customer relationship management and information sharing were the practices that needs improvement.

By adopting SCI practice Batu and its trading partners benefited from achieving the same business goal by integrated business process. Adopting Strategic Supplier Management helps Batu to reduce the level of complexity and increase the transparency internally as well as externally. Also, properly implementing Operations Management helps Batu increase its productivity and enhance competitive advantage.

However, Batu tannery does not demonstrate their capabilities and the value these capabilities provide to their customers, so they could not properly manage to satisfy their customer's needs.

And even though Information Sharing is the key factor that has a strong positive linkage between supply chain partners followed by all the other supply chain management practices, the implementation practice at the target tannery was not at its strong level yet. Limited awareness of external activity leave Batu tannery's internal department blind to the true situation and unable to make knowledge driven decisions. Information also can easily be distorted from one end of a supply chain to another which leads to inefficiencies: such as; poor customer service, lost revenues, missed production schedule, and so on.

Finally, as it was mentioned in the statement of the problem of this study, some empirical studies found out that SCM is rather immature and the SCMP initiatives were not fully recognized in Ethiopian manufacturing industries. With that being said, this research had identified that Batu tannery shows some promising improvement on the recognition of SCMP's. This is true because the research noticed that almost all the activities of the three of supply chain management practices, which are; supply chain integration, strategic supplier partnership, and operations management were well practiced in the tannery.

However, it doesn't have a separate supply chain management division which controls the entire supply chain flows; information, material and financial.

5.3 RECOMMENDATIONS

Based on the findings and the conclusions above, some recommendations are proposed:

- Batu tannery should continuously seek for effective implementation of Information Sharing into their Supply Chain activities with suppliers and customers, and their internal operations. The effective use of Information Sharing can greatly increase the coordination of activities with Supply Chain partners. The advancements in such as; the internet or the use of Information Technology as a whole; allows each supply chain member to increase integration with relatively low cost. By using IT, Information Sharing can be broadened into a more strategic level such as new product idea, promotional plan, and even knowledge transfer between members of the Supply Chain increasing the range and intensity of collaboration with Supply Chain partners.
- Batu tannery should build and continuously improve their employees' skills and capability in facing changing competitive environment. The implementation of SCM requires new skills to utilize the shared information from many different partners and to work collaboratively with many different functions within a company and with their Supply Chain Management.
- Batu tannery is also advised to view Supply Chain Management as a strategic activity, rather than just mere operational activity. And they are recommended to engage in employment of appropriate professionals with the expertise requisite to manage the chain at every stage of the process. This is because professionals in SCM can forecast future expectation of their customers as well as the production capacity of their suppliers and strategically manage the supply chain in order to keep their company existed in a highly competitive environment.
- Finally, Batu tannery is recommended to involve its suppliers in their new product development process. By letting suppliers engaged in its production process, supplier can easily understand what the needed quality of raw materials are, and the time

required for production. This will help tannery to improve the production process as well as keep their customers satisfied.

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APPENDIX

Appendix A – Questionnaire

**St. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
MASTERS OF BUSINESS ADMINISTRATION IN GENERAL MANAGEMNET
QUESTIONNAIRE**

Dear respondents, the purpose of this questionnaire is to gather data on the supply chain management practices in the case company. The study is purely for academic purpose and thus not affects you in any case. So, your genuine, frank and timely response is vital for successfulness of the study. Therefore, I kindly request you to respond to each items of the question very carefully.

General Instructions

- There is no need of writing your name
- Where answer options are available please tick (✓) in the appropriate box for part I and circle for your response to each statements of part II.

Contact Address

If you have any query, please do not hesitate to contact me and I am available as per your convenience at (Mobile: +251-911-13-71-51 or e-mail: *selamwondwossen@gmail.com*)

Thank you for scarifying your precious time in advance!

PART I: Demographic Information

1. Educational Qualification:

Grade 10 completed Grade 12 completed
certificate

College diploma first Degree Second Degree and
above

2. Years of service in current position:

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

Part II: Instruments for supply chain management practices

With regard to SCM practices of your firm, please circle the appropriate number to indicate the extent to which you agree or disagree with each statement. The item scales are five-point Likert type scales with 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree.

SUPPLY CHAIN INTEGRATION:		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Firms in your supply chain establish more frequent contact with each other	1	2	3	4	5
2	Firms in your supply chain create a compatible communication and information system	1	2	3	4	5
3	Your company participates in the marketing efforts of its customers	1	2	3	4	5
4	Your company participates in the sourcing decisions of its suppliers	1	2	3	4	5
5	Your suppliers share their production capacity with your company	1	2	3	4	5
6	Your suppliers share their production schedule with your company	1	2	3	4	5
7	Your company share your production plan with your suppliers	1	2	3	4	5
8	You company computerize your system to ease of customer ordering	1	2	3	4	5
9	Your company share the available inventory with the major customers	1	2	3	4	5
10	Your company monitors and measures the shared information from its trading partners	1	2	3	4	5
11	Your company have a periodic interdepartmental meeting among internal functions	1	2	3	4	5
12	In your company inventory management practice is done jointly with internal functions	1	2	3	4	5

STRATEGIC SUPPLIER PARTNERSHIP:		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Your company is very strong when negotiating price with vendors	1	2	3	4	5
2	Your company assessed, developed and selected suppliers systematically	1	2	3	4	5
3	Your company purchase raw materials from few dependable and high-quality suppliers	1	2	3	4	5
4	Your company monitors the usage of applicable procurement laws and standards	1	2	3	4	5
5	Your company gives written operation instruction for production of quality products.	1	2	3	4	5
6	Your company consider quality as number one criterion in selecting suppliers	1	2	3	4	5
7	Your company has a procedure for inspection, analysis of test result, to handle non-conforming products, to clarify measures and to approve decisions.	1	2	3	4	5
8	Your company strive to establish long term relationship with its suppliers	1	2	3	4	5
9	Your company provides information to the suppliers for improving their products quality.	1	2	3	4	5
10	Your company has continuous improvement programs that include its key suppliers	1	2	3	4	5
11	Your company include its key suppliers in its planning and goal setting activities	1	2	3	4	5
12	Your company actively involves its key suppliers in new product development processes	1	2	3	4	5
13	Your company regularly solve problems jointly with its suppliers	1	2	3	4	5
CUSTOMER RELATIONSHIP MANAGEMENT:		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Your company frequently interacts with customers to achieve reliability, responsiveness, and improve some basic standards	1	2	3	4	5
2	Your company has frequent follow-up with its customers for quality/service feedback	1	2	3	4	5

3	Your company frequently measures and evaluates customer satisfaction	1	2	3	4	5
4	Your company regularly forecast future customer expectations	1	2	3	4	5
5	Your company frequently evaluates the formal and informal complaints of its customers	1	2	3	4	5
6	Your company periodically evaluates the importance of its relationship with its customers	1	2	3	4	5
INFORMATION SHARING:		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Trading partners in your supply chain share business knowledge of core business process with your company	1	2	3	4	5
2	Your company informs its trading partners in advance of changing needs	1	2	3	4	5
3	Your company's trading partners keep your company fully informed about issues that affect its business	1	2	3	4	5
4	Your company and its trading partners exchange information that will help for the establishment of business planning	1	2	3	4	5
5	Your company and its trading partners keep each other informed about events or changes that may affect the other partners	1	2	3	4	5
6	Information exchange between your company and its trading partners is timely	1	2	3	4	5
7	Information exchange between your company and its trading partners is accurate	1	2	3	4	5
8	Information exchange between your company and its trading partners is complete	1	2	3	4	5
9	Information exchange between your company and its trading partners is adequate	1	2	3	4	5
10	Information exchange between your company and its trading partners is reliable	1	2	3	4	5
11	Your company exchange of information with your partners (formally or informally) is frequent	1	2	3	4	5
12	Trading partners in your supply chain share proprietary information with your company	1	2	3	4	5
13	your company share production status to customers	1	2	3	4	5

OPERATIONS MANAGEMENT:		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Your company has a flexible production system to market change	1	2	3	4	5
2	Your company's capacity utilization is very good	1	2	3	4	5
3	Your company delivers product to market quickly					
4	Your company run operation with less production cost	1	2	3	4	5
5	Your company minimizes excess inventory using accurate demand forecast	1	2	3	4	5
6	Your company prevent opportunity loss that might occur due to stockout	1	2	3	4	5
7	Operation hours of your company's warehouse are convenient to customers	1	2	3	4	5
8	Your company's warehouse keeps their records accurately	1	2	3	4	5
9	Employees of your warehouse understand the specific needs of their customers	1	2	3	4	5
10	Your company deliver the kind of products needed	1	2	3	4	5
11	Your company deliver customer orders on-time	1	2	3	4	5
12	Time to solve customer complaints at your company is short	1	2	3	4	5
13	Customer order processing time at your company is short.	1	2	3	4	5
14	Your company is willing to produce based on individual customer requirements	1	2	3	4	5

~ Thank you ~

Appendix - B

Interview questions for supplier and customer of Batu tannery plc

➤ **Interview questions for supplier of Batu tannery plc, Addis Ababa Abattoirs Enterprise;**

1. How long have you been working with Batu and explain your relationship with tannery?
2. When problems occur, does tannery strive to jointly solves them with your enterprise?
3. Do they invite or involve your enterprise in their new product development processes, and to what extent does tannery involve you in their supply chain?
4. What about the information sharing practice with tannery about improving your products quality, new market opportunities or changing customer requirements?
5. Does tannery give your enterprise a written operational instruction for production of quality products?

➤ **Interview questions for customers of Batu tannery plc, Anbessa shoe Factory & Kangaroo shoe factory;**

1. How would you see your relationship with Batu tannery plc? What about the level of integration with your factory and Batu tannery plc? Do they involve you in the production process?
2. Does Batu tannery plc provide the quantity you need at the promised date?
3. How do you see information sharing practice between your factory and Batu tannery plc?
4. How would you see the tannery's compliant management and its effectiveness?