

FACTORS INFLUENCING PROCUREMENT MANAGEMENT PRACTICES ON PERFORMANCE OF FOOD AND BEVERAGE INDUSTRY CASE OF EAST AFRICAN BREWERIES LIMITED KENYA

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# FACTORS INFLUENCING PROCUREMENT MANAGEMENT PRACTICES ON PERFORMANCE OF FOOD AND BEVERAGE INDUSTRY CASE OF EAST AFRICAN BREWERIES LIMITED KENYA

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# ABSTRACT

The general objective of the study is to determine the factors influencing procurement management practices on performance of food and beverage industry case of East African Breweries Limited Kenya. This study employed a descriptive research design on a target population of 49 employees working at the procurement department at East African Breweries Limited. The study used census sampling where all the 49-procurement staff made the sample list. Inferential statistics included multiple regression to help estimate the changes in performance following a unit change in each of the independent variables. From the findings R Square was 57.1%, this indicated that there were factors affecting performance on East Africa Breweries Limited that were not covered in the current study. The study concluded that HRM plays an important role in managing their organization, it was established that there was continuous training and development of employees on the job, internal integration was aimed at improving EABL overall performance, the respondents networked with their suppliers for timely delivery of supplies, inventory management enabled continuous flow of production, the study established that respondents adopted lean inventory practices to have sufficient cash flow. The study recommended that EABL should have mentorship program to pass down skills to junior staff, EABL coaching should promote sharing of experiences at the workplace, EABL should collaborate with their suppliers to encourage continuous production, East African Breweries Limited should employ formal stakeholder management techniques, EABL should coordinate activities with their partners to realize high performance, EABL strategic relationship with suppliers should improve their performance in the procurement function, and EABL inventory should be based on accurate forecast of market supply and demand.

Key Words: training, development, supply chain integration, stakeholder management, inventory management

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#### INTRODUCTION

Procurement practices are vital functions, since procurement process was generally a critical part of open spending in organizations. Coduto (2015) states that procurement practices comprise of the actions taken by the purchasing organization to navigate and integrate its performance in order to increase productivity by reducing cost and time. Procurement is the practice of selecting vendors, strategic vetting, setting up payment terms, selection, and negotiation of contracts and actual purchasing of goods (Ruparathna & Hewage, 2015). Lim (2014) describes procurement as a process which entails acquiring (procuring) goods, services and work that is vital to an organization.

Worldwide, public procurement has become an issue of concern and debate, and has been subjected to reforms, restructuring, rules and regulations (Kabega, Kule & Mbera, 2016). Performance is the actual output or outcomes of an institution and its intended outputs or goals and objectives (Upadhaya, Munir & Blount, 2014). Performance can be measured through reduction in cost, quality of goods or services delivered, productivity, lead time. The indicators of performance of an organization can be financial targets attained and satisfaction of labor force. On the same note, Coduto (2015) observed that organization performance could also be estimated based on institutions effectiveness and efficiency.

According Rai, Patnayakuni and Seth (2016) the indicators of performance should be measured based on financial elements such as growth of sales, profit, return on investment, business performance and organization effectiveness. Mosgaad (2015) emphasized that performance of an organization could be measured by observing quality of products and service, performance in the market, customers satisfaction, innovations of services, and labor force. Rai et al. (2016) further recognized essential elements which can be used to gauge performance of any given organization include: profit, sales and market growth as well as return on investment. Consequently, Masiko (2013) observed that organizational performance can be measured by productivity, cost saved, value of services and goods distributed on time, and client contentment. Furthermore, shifting from traditional procurement practices to best procurement practices ensures total commitment to total quality management (TQM), commitment to just in time, commitment to total cycle time reduction, long range strategic plans, supplier relationships, strategic cost management, training and professional development, service excellence, corporate social responsibility, learning, management and leadership (Esfahbodi, Zhang & Watson, 2016).

According to Eriksson (2015) the existence of integration of procurement practices in various organizational operations and support functions, harmonizing production with new orders, purchasing with demand, scheduling and shipping with customer requirements, has contributed significantly to the performance of many public Application of organizations. appropriate procurement practices strategically, has the potential impact to the performance of organizations and national economies in general (Mosgaad, 2015).

However, Chimwani, Iravo and Tirimba (2014) observed that disruptions in procurement practices at any level devastate organizational performance. Poorly coordinated procurement practices do longlasting damage to organizations' stock prices and profitability and need to be more thoroughly addressed by supply chain continuity planners (Eriksson, 2015). For leading organizations like the East African Breweries Limited to respond to the current dynamic purchasing environment, it is required to embrace procurement. Since the entire procurement processes can work well in the improvement of the responsiveness of the East African Breweries Limited procurement systems.

The linkage of procurement to organizational performance in particular, makes the embracing of best practices important to present organizational success. Procurement is found to be practiced in many industries around the world (Hussein & Shale, 2014). Kabega (2016) reiterated that various public institutions both in developing and developed countries have instituted procurement reforms which involve laws and regulations but the main challenge has been inadequate regulatory compliance. Public institutions are found to be big spenders and that they deal with massive budgets (Oyuke & Shale, 2014). In addition, Kabega (2016) restates that public procurement was estimated to represent 18.42% of the world Gross Domestic Product (GDP). Public procurement is recognized as essential in-service delivery and it accounted for a high proportion of total expenditure (Dza, Fisher & Gapp, 2013).

Makabira and Waiganjo (2014) describes procurement practices as activities which involve procurement planning, procurement controls, procurement monitoring and training workforce and this formed the basis of this study with addition of inventory management. An organization's procurement functions are guided by practices and activities that are entirely different hence divided into strategic and operational processes. Chegugu and Yusuf (2017) urges that the importance of procurement in an organization has made some organizations to improve procurement processes of new systems such as, e-procurement that relates well with the varied technologies of electronic commerce such as document imaging, workflow management, bulletin boards and e-mail enabling business process remodeling.

East African Breweries Limited is the context within which this study seeks to examine factors influencing procurement management practices on performance. Beer industry in Kenya dates back to 1922 when the two brothers from England, George and Charles Hurst, started brewing beer in Kenya. The two formally incorporated their business as a private company under the name of Kenya Breweries Ltd. In 1929 the first malted barley beer was brewed and the first batch delivered to New Stanley Hotel where it was opened with mixed reaction. By 1938 the company was recognized for its beer after it won the first brewing award in an international competition.

#### **Statement of the Problem**

Delays in delivery of supplies, delays in ability to needed materials, corruption procure and unprofessionalism amongst its staffs lead to customer dissatisfaction at the East Africa Breweries. Heightened competition at the market place forces organizations to come up with effective procurement system to overcome these challenges gain competitive advantage such as and procurement practices. The procurement practice adopted must be one to cut costs, improve inventory management, ensure efficient material flows and improve financial performance.

Several studies have examined the relationship between procurement management practices and organization performance across the world. For instance, Bassioni, Price and Hassan (2014) established that procurement practices positively impacted financial performance of both small and large firms. But the study was done in a different contextual background hence it may not be applicable in Kenya.

Locally, Mokogi, Mairura and Ombui (2015) examined effects of procurement practices on the

performance of commercial state-owned enterprises in Nairobi County. Karanja and Kiarie (2015) examined the influence of procurement practices on organization performance in private sector in Kenya using a case study of Guaranty Trust Bank Kenya Ltd and Ngunyi (2014) studied the impact of procurement practices in the performance of Parastatals in Kenya.

These studies were done in different sectors of the economy using different business models hence not applicable in East Africa Breweries. This study therefore sought to fill the gap in research by examining the factors influencing procurement management practices on performance of food and beverage industry case of East African Breweries Limited Kenya

# **Research Objectives**

To determine the factors influencing procurement management practices on performance of food and beverage industry in Kenya using a case of East African Breweries Limited Kenya. The specific objectives were:-

- To examine how of employee training and development in procurement influences performance of East African Breweries Limited in Kenya
- To determine how supply chain integration influences performance of East African Breweries Limited in Kenya
- To examine how stakeholder management program influence performance of East African Breweries Limited in Kenya
- To determine how inventory management program influence performance of East African Breweries Limited in Kenya

# LITERATURE REVIEW

# **Theoretical Framework**

# Principal-Agency Theory

This theory is the foundation model employed to ascertain the formation of this study. The economists founded this model to confront the issue related to principal and agents, where agents are persuaded to carry out some task on behalf of the principal (Renders & Gaeremynck, 2012). The Principal-Agency Theory (PAT) concerns with the understanding that is put in place for an individual or entity (agent) to act in another's interest (principal). The postulations and proposition of PAT fit obviously with the issues concerning procurement and performance. For instance, the government which is in this case the principal/shareholder of the East African Breweries Limited chooses management (agents) to act on its behalf. For that reason, the procurement management is given power to make decisions on behalf of the government. In the process of managing supplier quality, buyers in agency relations are likely to be faced by possible risks.

By nature, it is the expectation of buyers to get good and improved quality goods and services from suppliers, however, suppliers might be hesitant to spend considerably in quality. Dharwadkar, Bavi, Gerald George, and Pamela (2000) observed that the difference between buyers and suppliers always result in the two parties concerning themselves only with their self-interests. To create harmony between the parties, there should be a contract that clearly states the roles and responsibilities; demands and expectations of each party.

PAT establishes the way procurement managers carry out the procurement practices on behalf of public universities. If there is existence of poor relationship between the principle and agent, then this could affect the relationship between the suppliers and the institutions. This study therefore, used this model to determine factors influencing procurement management practices on performance with focus on East African Breweries Limited.

# **Theory of Legitimacy**

This theory affirms that organizations have the command to explain their operations to their respective key actors, especially if it is a public entity should state its benefits to the society (Brown & Deegan, 1998). Suchman (1995) stated that Theory of Legitimacy (LT) is a generalized assumption or perception that the activities of any organization which are workable, appropriate and viable in system which are based on social beliefs, values, definitions and norms. The notion of LT sturdily proposes that the social agreement which is between the government and the public organizations is in position of being eliminated.

The study therefore employed legitimacy theory to be able to examine whether the procurement officers make disclosure of practice of procurement in order to build a better status with the respective government, key players together with the entire society. Organizational managers may choose to legitimize and implement procurement practices on the understanding of their states or involved sections (Schmidt, 2013). Nevertheless, different managers seem to differ ideally on the public expectation and their respective local authorities or agencies and even departments as the society views them to comply with their expectations.

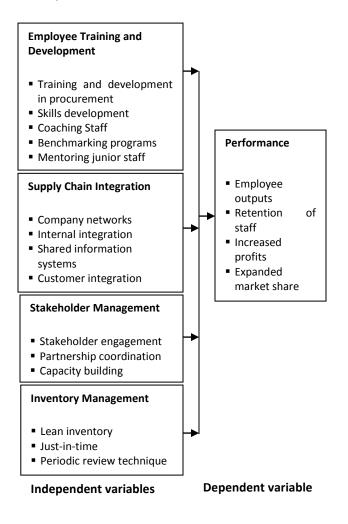
# **Contingency Theory of Management**

This theory was developed by Carlisle in 1976 to improve on the need to consider the circumstances

under which a decision is made (Baranyi, 2001). The theory hinges on the open system where organizations are viewed as environmental dependent. This is to say that the decision made need to consider the happenings in the immediate environment as it is affected by the immediate environment in equal manner that it affected it (Touboulic & Walker, 2015). It argues that there are no universal principles in management of organizations but different organizational structures demand that different management decisions be tailor made to create a best fit that addresses the contextual issues. This explains why different organizations react differently to same operating environment to emerge competitive. This is because no one common approach may proof successful in all organizations as the contextual circumstances are different.

Using this theory, Demeter and Matyusz (2011) argues that management need to create a level of harmonization between organizational structures and prevailing environmental conditions. lt advocates for a fit between internal processes and the operating environment. Maye and Engel (2013) successfully applied the structural contingency theory to supply chain management by developing a strategic model for prefabricated timber systems. The theory was also applied by Makali and Chirchir (2015) to study e-procurement and procurement performance of supermarkets in Nairobi. In all these circumstances, contingency management supported the Just in Time (JIT) practice of procurement. This theory is relevant for this study as it helps explain reasons for the application of JIT in procurement process and other inventory management practices like Lean inventory, periodic review technique, material requirement planning and economic order quantity in organization. This theory will therefore, anchor the inventory management programs into the study on procurement management practices in

an effort to improve performance at East Africa Breweries Limited



# **Conceptual Framework**

Source: Author (2017)

Figure 1: Conceptual Framework

# **Review of Variables**

# Training and Development in Procurement

Training is a program that helps employees learn specific knowledge or skills to improve performance in their current roles in the procurement department. Through the training, staffs competences and effectiveness in handling their duties is greatly improved. Training is a type of activity which is planned, systematic and results in enhanced level of skill, knowledge and competency that are necessary to perform work effectively (Awasthi & Kannan, 2009). Employee training is a key element in organizational performance as it tries to bridge the gap of what the employees know and how to perform tasks in the organization.

Development is more expansive and focuses on employee growth and future performance, rather than an immediate job role (Chimwani et al., 2014). Skills and knowledge are the indicators of training and development. Training and development is a learning activity directed towards the acquisition of specific knowledge and skills for the purpose of an occupation or task

Good training and development programs help you keep the right people and grow profit. As the battle for top talent becomes more competitive, employee training and development programs are more important than ever. Hiring top talent takes time and money, and how you engage and develop that talent impacts retention and business growth.

# **Supply Chain Integration**

This is a close alignment and coordination within a supply chain, often with the use of shared management information systems is an easier way to ensure that organizations have an efficient and effective supply chain system (Kabega., et al 2016). A supply chain is made up of all parties involved in fulfilling a purchase, including raw materials, manufacturing the product, transporting completed items and supporting services. The success of a corporation is increasingly dependent on management's ability to integrate the company's networks of business relationships (Rai, Patnayakuni & Seth, 2016). Internal integration,

customer integration and supplier integration are the indicators of supply chain integration.

#### **Stakeholder Management**

Stakeholder management is the systematic identification, analysis, planning and implementation of actions designed to engage with stakeholders. Effective Stakeholder Management creates positive relationships with stakeholders through the appropriate management of their expectations and agreed objectives (Wanjiru, 2016). Stakeholder management is a process and control that must be planned and guided by underlying principles. Employees, customers and suppliers are the indicators of stakeholder management. They bring value to an organization through knowledge gained from the diversity, provide better relations and improved performance.

#### **Inventory Management**

Inventory management is the ongoing process of moving parts and products into and out of a company's location(s). Companies manage their inventory on a daily basis as they place new orders for products and ship orders out to customers. It's important that business leaders gain a firm grasp of everything involved in the inventory management process. That way, they can figure out creative ways to solve inventory management challenges by finding the right solutions (Peterson & Silver, 2013). Policies and resource are the indicators of inventory management. The policies monitor levels of inventory and determine what levels should be maintained, when stock should be replenished, and how large orders should be.

Organizations may realize that in developing online inventory management tools that monitors its inventory information by breaking it down into groups by correlating the categories with its customers, it can increase its performance from each individual at the firm (Upadhaya, et al., 2014). All inventory management practices should be done to cut costs on inventory wastage and losses and improve the overall performance of the firm.

# **Empirical Literature**

# Effect of Employee Training and Development on Performance

Tahir, Yousafzai, Jan and Hashim (2014) conducted a study on the impact of training and development on employee's performance and productivity. The results indicated that as the increase of concentration on administrative management during these years, HRM plays a more important role in managing an organization, such as the effects of HRM on innovation, 'new way of working principles 'for working relations and enhancing employees' capability. Training and Development is an important aspect of HRM. It is important for organization to get skilled and capable employees for better performance, and employees will be than competent when they have the knowledge and skill of doing the task. Training and Development would provide opportunities to the employees to make a better career life and get better position in organization. In doing so, organizations efficiency would be increased. On the other hand, employees are the resources and assets of an organization if they are skilled and trained would perform better than those who are unskilled and untrained.

Training and development can be done by having mentorship programs within the organization, such that the older and more experienced staffs teach the younger and junior employees on the working practices of organization. This action ensures that new staff are incorporated into the organization, why skills are passed on from one group of the staff members to another. According to Pollock, Jefferson and Wick (2015) an organization that has a coaching program is able to improve its performance, as skills, knowledge and experiences are shared. Coaching effects innovation and invention within a firm.

# The Effect of Supply Chain Integration on Performance

Mackelprang, Robinson, Bernardesa and Webb (2014) did a study on the relationship between strategic supply chain integration and performance: a meta-analytic evaluation and implications for supply chain management research. The findings of both the contingency and configuration approach indicated that SCI was related to both operational and business performance which also affected its management. Furthermore, the results indicated that internal and customer integration was more strongly related to improving performance than supplier integration. The research describes it in three dimensions: internal, customer and supplier integration, finding that internal integration forms the foundation upon which customer and supplier integration are build.

Van der Vaart, Giménez and Van Donk (2016) did a study on supply chain integration and performance. The main objectives of this paper were to analyze the different dimensions under the integration construct and to analyze integration under different business conditions (high and low demand and technology uncertainty). The study presents the results of a survey conducted among Dutch and Spanish companies. The results show that there are different dimensions under the integration construct (practices, patterns and attitudes) and that these are correlated. The results also show that under environments characterized by high demand and technology uncertainty higher levels of integration lead to improvements in performance, while under low uncertainty environments very few integration practices lead to performance improvements.

Nazzal (2016) did an investigation on the effect of chain integration sustainable supply on development of Jordanian phosphate fertilizers manufacturing companies. The results of the current study show that the Jordanian Phosphate Fertilizers Manufacturing Companies implement SCI variables, where customer integration has rated the highest, followed by internal processes integration and finally supplier integration, and they implement SD dimensions, where economic responsibility has rated the highest, followed by social responsibility and finally environmental responsibility. The results also show that there are strong relationships among SCI variables and there are strong relationships among SD dimensions. The relationships of each SCI variable with total SD are also strong and finally, the relationship between SCI and SD is strong too.

# Effect of Stakeholder Management Programs on Performance

Ntim, Opong and Danbolt (2012) studied the relative value relevance of shareholder versus stakeholder corporate governance disclosure policy reforms in South Africa. The study notes that although the project did not formally employ stakeholder management techniques, the steering committee was able to identify most of the stakeholder. The study noted that there were a number of avoidable conflicts which negatively impacted on the project. Most prominent amongst these conflicts was the one between the two IT departments involved in the project. Another consequence of not applying formal stakeholder management techniques is that the project missed its chances to cut operational costs. The study also notes that since the project did not apply formal stakeholder management techniques, it missed opportunities, for example, to engage more actively

with some important stakeholders such as libraries and community volunteers.

Wanjiru (2016) did a study on influence of stakeholder engagement on performance of street children rehabilitation programmes in Nairobi County Kenya. From the findings, the initiation stage of a project is a plan that encompasses stakeholder analysis and execution based on the analysis of the needs, interests and potential will influence the street children rehabilitation programs. Effective budgeting and enhancing effective decision making as well as generating innovation through stakeholder engagement influence performance of the street children rehabilitation centers. The study concluded that stakeholder engagement is an essential business management practice. In a programme and project management environment, a stakeholder has an interest in the proposed change and can influence or impact the success of that change.

# Effect of Inventory Management Programs on Performance

Inventory management is important to the manufacturing and production firms. This is because they are the determinants of continuous flow of production activities. Poor inventory of stocks and raw materials leads to losses of man hours, inefficiency in machine use and loss of time. This may further lead to losses in profits and loss of customers as customers are dissatisfied by delays in accessing products. Timeliness and reliability is important for business desiring to improve their performance (Mwangi, 2016). Problems of inventory management faced by manufacturing organization were underproduction, overproduction, stock out situation, delays in the delivery of raw materials and discrepancy of records. The factors, documentation/store records, planning, knowledge of employees/staff skill have shown to significantly influence the effectiveness of inventory management as noted by Chan, Tasmin, Aziati, Rasi, Ismail and Yaw (2017).

Munyao, Omulo, Mwithiga and Chepkulei (2015) conducted a study on role of inventory management practices on performance of production department's a case of manufacturing firms. The study found out that manufacturing firms used various inventory management techniques such as the action level methods, just-in-time, periodic review technique, material requirement planning and economic order quantity. The study found that despite the fact that was most effective in contributing to performance of the production department most organizations in the manufacturing industry used action level methods.

# METHODOLOGY

This study employed descriptive research design which responded to the when, why and how the procurement management practices adopted at the East African Breweries Limited has influenced its performance. According to the HR records at the East African Breweries Limited, there are 49 employees in the procurement department. The employees targeted in this department included: low level, middle level and top-level managements. The regression model adopted was;

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

WHERE:

Y = Performance

X<sub>1</sub> = Employee Training and Development

X<sub>2</sub> = Supply Chain Integration

X<sub>3</sub> = Stakeholder Management Programs

X<sub>4</sub> = Inventory Management Programs

 $\beta$  = constant,

 $\beta_1\beta_2\beta_3\beta_4$ = Régression Coefficients

 $\epsilon$  = Error Term

# RESULTS

# **Effects of Employee Training and Development**

Several statements on how assessing effects of employee training and development on performance of East African Breweries Limited were carefully identified by the researcher. Respondents were then requested to indicate the extent of their agreements on each statement. A Likert scale of 1-5 where: 1- Strongly disagree, 2- Disagree, 3- not sure, 4- Agree, 5- Strongly agree was used.

	Mean	Std. Dev
Our HRM plays an important role in managing our organization	4.05	1.06
There are continuous training and development of employees on the job	3.85	1.05
The training and development is tailored to the job descriptions of all staff	4.32	.790
We have a mentorship program to pass down skills to junior staff	2.81	.757
Our staffs possess appropriate skills to better organizational performance	3.53	1.30
Fraining sees that our staff make a better career life	4.20	.992
Career growth is based on well experiences staffs with advanced trainings	3.89	.955
Our coaching promotes sharing of experiences at the workplace	3.43	1.29
We do benchmarking with organizations on the best working practices in their operations	3.02	1.32
Average mean and standard deviation	3.67	1.05

#### **Table 1: Employee Training and Development on Performance**

From the findings, HRM plays an important role in managing their organization had a mean of 4.05 and standard deviation of 1.06. Tahir, Yousafzai, Jan and Hashim (2014) stated that HRM plays a more important role in managing an organization, such as the effects of HRM on innovation, 'new way of working principles 'for working relations and enhancing employees' capability.

There are continuous training and development of employees on the job with a mean of 3.85 and standard deviation of 1.05, the training and development is tailored to the job descriptions of all staff with a mean of 4.30 and standard deviation of 0.790, according to Pollock, Jefferson and Wick (2015) an organization that has a coaching program is able to improve its performance, as skills, knowledge and experiences are shared. Coaching effects innovation and invention within a firm.

They have a mentorship program to pass down skills to junior staff with a mean of 2.80 and standard deviation of 0.757. Tahir, Yousafzai, Jan and Hashim (2014), training and development can be done by having mentorship programs within the organization, such that the older and more experienced staffs teach the younger and junior employees on the working practices of organization. Their staffs possessed appropriate skills to better organizational performance with a mean of 3.50 and standard deviation of 1.30.

Training sees that their staff made a better career life with a mean of 4.20 and standard deviation of 0.992, career growth was based on well experienced staffs with advanced trainings with a mean of 3.90 and standard deviation of 0.955, their coaching promoted sharing of experiences at the workplace with a mean of 3.40 and standard deviation of 1.29.

Benchmarking was done with organizations on the best working practices in their operations with a mean of 3.02 and standard deviation of 1.32. Benchmarking as noted by Keep (2014) is another way to train staff in the current new operational methods and the new advances in the market as well as sectors of the economy. Working with market leaders positively affects the morale, performance and growth of your own organization.

From the findings, the average mean was 3.67, this implied that the respondents agreed that employee training and development affected performance of EABL, the average standard deviation was 1.05 this implied that respondents converged on training and development affected performance on EABL. Tahir, Yousafzai, Jan and Hashim (2014) conducted a study on the impact of training and development on employee's performance and productivity.

# **Effects of Supply Chain Integration on perfomance**

Several statements on how supply chain integration on performance of East African Breweries Limited were carefully identified by the researcher. Respondents were then requested to indicate the extent of their agreements on each statement. A Likert scale of 1-5 where: 1- Strongly disagree, 2-Disagree, 3- not sure, 4- Agree, 5- Strongly agree was used.

# Table 2: The Effect of Supply Chain Integration on Performance

	Mean	Std. Dev
Our internal integration is aimed at improving our overall performance	3.87	1.38
We collaborate with our suppliers to encourage continuous production	3.36	1.28
We network with our suppliers for timely delivery of supplies	4.05	1.29
We use technological systems to ease our communication with suppliers	4.31	.853
At EABL, we work hard to expand our networks with stakeholders	4.23	.757
Customer integration within our supply chain has improved our performance	3.02	1.42
We work with like-minded people to protect our environments	3.20	.992
Average mean and standard deviation	3.72	1.13

From the findings, internal integration was aimed at improving our overall performance with a mean of 3.87 and standard deviation of 1.38. Mackelprang, Robinson, Bernardesa and Webb (2014) did a study on the relationship between strategic supply chain integration and performance. The findings of both the contingency and configuration approach indicated that SCI was related to both operational and business performance which also affected its management.

They collaborated with their suppliers to encourage continuous production with a mean of 3.30 and standard deviation of 1.28 and the respondents

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networked with their suppliers for timely delivery of supplies with a mean of 4.05 and standard deviation of 1.29. Gichuru, Iravo and Arani (2015) found out that information sharing and resource sharing has positive influence in the performance company. Companies should share resources with key suppliers in order to leverage capabilities.

Technological systems were used to ease their communication with suppliers with a mean of 4.30 and standard deviation of 0.853, at EABL. Van der Vaart, Giménez and Van Donk (2016) did a study on supply chain integration and performance. The results showed that under environments characterized by high demand and technology uncertainty higher levels of integration lead to improvements in performance, while under low uncertainty environments very few integration practices lead to performance improvements.

They worked hard to expand their networks with stakeholders with a mean of 4.20 and standard deviation of 0.757, customer integration within their supply chain had improved their performance with a mean of 3.02 and standard deviation of 1.42. Nazzal (2016) did an investigation on the effect of supply chain integration where customer integration had rated the highest, followed by internal processes integration and finally supplier integration. They worked with like-minded people to protect their environments with a mean of 3.20 and standard deviation of 0.992.

From the findings, the average mean was 3.72, this indicates that the respondents concurred that supply chain integration affected performance and the standard deviation was1.13 implied that the respondents did not differ that supply chain integration affected performance on EABL. Gichuru, Iravo and Arani (2015) noted that collaboration is the driving force behind effective supply chain management and, as such, may be considered the ultimate core capability, information sharing and resource sharing had positive influence in the performance company therefore, companies should share resources with key suppliers in order to leverage capabilities.

# Effect of Stakeholder Management Programs on Performance

Several statements on how stakeholder management programs on performance of East African Breweries Limited were carefully identified by the researcher. Respondents were then requested to indicate the extent of their agreements on each statement. A Likert scale of 1-5 where: 1- Strongly disagree, 2- Disagree, 3- not sure, 4- Agree, 5- Strongly agree was used.

<b>Table 3: Effect of Stakeholder</b>	<b>Management Pro</b>	grams on Performance
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	Mean	Std. Dev
East African Breweries Limited employs formal stakeholder management techniques	2.95	1.28
Stakeholder management reduces conflicts and its negative effects on performance	4.15	1.23
Our stakeholders are engaged in decision making process at all stages of our operations	3.72	1.36
We coordinate activities with our partners to realize high performance	3.07	1.30
East African Breweries Limited allocates enough funds and skills to projects	3.53	1.37
Our stakeholders have helped us increase our production capacity	3.10	1.72

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#### Average mean and standard deviation

From the findings, East African Breweries Limited formal employed stakeholder management techniques with a mean of 2.95 and standard deviation of 1.28, stakeholder management reduced conflicts and its negative effects on performance with a mean of 4.15 and standard deviation of 1.23.Stakeholders were engaged in decision making process at all stages of their operations with the mean of 3.70 and standard deviation of 1.36, they coordinated activities with their partners to realize high performance with a mean of 3.07 and standard deviation of 1.30. Wanjiru (2016) stated that stakeholders enhanced effective decision making as well as generating innovation through stakeholder engagement influenced performance.

The study concluded that stakeholder engagement is an essential business management practice. In a programme and project management environment, a stakeholder has an interest in the proposed change and can influence or impact the success of that change.

East African Breweries Limited allocated enough funds and skills to projects with a mean of 3.50 and standard deviation of 1.37 and their stakeholders

had helped them increase their production capacity with a mean of 3.10 and standard deviation of 1.72. Adan (2012) the study recommends that enough funds and skills should be allocated to projects.

3.47

1.37

From the findings, the average mean was 3.42, this implied that the respondents disagreed that stakeholders' management programs affected performance, the standard deviation was 1.37 therefore, respondents were convergent with stakeholders' management programs affected performance of EABL. Adan (2012) conducted a study on influence of stakeholder's role on performance of constituencies' development fund projects.

# Effect of Inventory Management Programs on Performance

Several statements on how inventory management on performance of East African Breweries Limited were carefully identified by the researcher. Respondents were then requested to indicate the extent of their agreements on each statement. A Likert scale of 1-5 where: 1- Strongly disagree, 2-Disagree, 3- not sure, 4- Agree, 5- Strongly agree was used.

# Table 4: Effect of Inventory Management Programs on Performance

	Mean	Std. Dev
Our inventory management enables continuous flow of production	4.13	1.06
We have adopted lean inventory practices to have sufficient cash flow	4.27	.846
Timeliness in inventory delivery ensures that we improve our performance	4.45	.597
Using Just-in-time method sees that we save on storage costs	3.55	1.21
We do material requirement planning to cut on underproduction or overproduction	4.11	.955
Our strategic relationship with suppliers improves our performance in the procurement function	2.82	1.09

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Inventory management practices affects our production and eventually profit maximization	2.93	1.53
Adapting to modern inventory management practices leads to customer satisfaction	3.52	.816
Our inventory is based on accurate forecast of market supply and demand	3.20	1.18
Our market share has grown due to properly managing inventories	4.04	1.28
Average mean and standard deviation	3.70	1.05

From the findings, the inventory management enables continuous flow of production with a mean of 4.00 and standard deviation of 1.06. Mwangi (2016) stated that inventory management faced by manufacturing organization were underproduction, overproduction, stock out situation, delays in the delivery of raw materials and discrepancy of records.

They adopted lean inventory practices to have sufficient cash flow with a mean of 4.27 and standard deviation of 0.846, timeliness in inventory delivery ensured improved performance with a mean of 4.45 and standard deviation of 0.597, Used Just-in-time method saw that they saved on storage costs with a mean of 3.55 and standard deviation of 1.21. They did material requirement planning to cut on underproduction or overproduction with a mean of 4.10 and standard deviation of 0.95, their strategic relationship with suppliers improved their performance in the procurement function with a mean of 2.80 and standard deviation of 1.09.

Inventory management practices affected their production and eventually profit maximization with a mean of 2.90 and standard deviation of 1.53, Adapting to modern inventory management practices lead to customer satisfaction with a mean of 3.50 and standard deviation of 0.816, their inventory was based on accurate forecast of market supply and demand with a mean of 3.20 and standard deviation of 1.18 and their market share had grown due to proper management of inventories with a mean of 4.00 and standard deviation of 1.28.

From the findings, the average mean was 3.70, this indicates that the respondents concurred that investment management programs affected performance similarly, the average standard deviation was 1.05, hence the respondents did not differ that investment management programs affected performance on EABL. Chan et al. (2017) noted that the factors, documentation/store records, planning, knowledge of employees/staff skill have shown to significantly influence the effectiveness of inventory management.

# Performance

Several statements on how performance of East African Breweries Limited were carefully identified by the researcher. Respondents were then requested to indicate the extent of their agreements on each statement. A Likert scale of 1-5 where: 1- Strongly disagree, 2- Disagree, 3- not sure, 4- Agree, 5- Strongly agree was used.

#### Table 5: Performance

	Mean	Std. Dev
Employee output	3.61	1.29

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Retention of staff	4.33	.790
Increased profits	3.87	.992
From the findings, employee output had a mean of	0.79 and increased profits w	vith a mean of 3.80 and
3.60 and standard deviation of 1.29, retention of	of standard deviation of 0.99.	
staff with a mean of 4.30 and standard deviation of		
Regression Analysis		

#### **Table 6: Model Summary**

Model	R	R Square	Adjusted R S	quare Std. Error of the Estimate
1	.756ª	.571	.522	1.04113
а.	Predictors: (	constant), inve	entory manageme	nt, supply chain, stakeholder's management, employee

 a. Predictors: (constant), inventory management, supply chain, stakeholder's management, employee training.

From the model summary above, R is 0.756 an indication of strong positive correlation between variables. R Square is 0.571, showing that 57.1% change in performance of East African Breweries Limited is explained by employee training and development on performance, the effect of supply chain integration on performance, effect of Stakeholder Management Programs on Performance and effect of Inventory Management

Programs on Performance. Therefore, 42.9% explains factors that were not covered in the current study.

#### **Analysis of Variance**

An ANOVA was conducted at 5% level of significance. A comparison of F<sub>calculated</sub> and F <sub>Critical</sub> is shown below.

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	50.461	4	12.615	11.638	.000 <sup>b</sup>
Residual	37.939	35	1.084		
Total	88.400	39			

# **Table 7: Analysis of Variance**

a. Dependent Variable: performance

b. Predictors: (constant), inventory management, supply chain, stakeholders' management, employee training

From the findings,  $F_{calculated}$  was 11.638 and  $F_{Critical}$  was 2.641, since  $F_{calculated} > F_{Critical}$  therefore, the overall regression model was significant in predicting factors influencing procurement management practices on performance of food and

beverage industry case of east African breweries limited Kenya. P value p=0.00, an indication that at least one of the dependent variable significantly influences performance on east Africa breweries limited.

# **Regression coefficient**

#### **Table 8: Regression coefficient**

Model	Unstandardized Coefficients	Standardized	t	Sig.
		Coefficients		

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	В	Std. Error	Beta		
(Constant)	5.133	2.360		2.175	.000
Employee training	.110	.057	.291	1.930	.001
Supply chain	.167	.049	.508	3.408	.000
Stakeholders management	.136	.065	.010	2.092	.000
Inventory management	.266	.044	.707	6.045	.000

a. Dependent Variable: Performance

The resultant equation becomes

# **Y=5.133+0.11X<sub>1</sub>+0.167X<sub>2</sub>+0.136X<sub>3</sub>+0.266X<sub>4</sub>** WHERE:

Y = Performance

X<sub>1</sub> = Employee Training and Development

X<sub>2</sub> = Supply Chain Integration

X<sub>3</sub> = Stakeholder Management Programs

X<sub>4</sub> = Inventory Management Programs

Therefore, when all variables of the study were held constant, performance on EABL could be at 2.773, a unit increase in employee training and development on performance while other factors held constant would result to 0.11 in performance in EABL, a unit increase in supply chain integration would result to 0.167 increase in performance, a unit increase in stake holders management programs would be at 0.136 increase in performance and a unit increase in inventory management program would result to 0.266 increase in performance in EABL. All the p value<0.05 therefore all the variables were significant in the study.

# CONCLUSION AND RECOMMENDATIONS

From the findings, the study established that HRM plays an important role in managing their organization had a mean of 4.05 and standard deviation of 1.06. Tahir, Yousafzai, Jan and Hashim (2014) stated that HRM plays a more important role in managing an organization, such as the effects of HRM on innovation, 'new way of working principles 'for working relations and enhancing employees' capability.

It was established that there was continuous training and development of employees on the job with a mean of 3.85 and standard deviation of 1.05, the training and development is tailored to the job descriptions of all staff with a mean of 4.30 and standard deviation of 0.790. According to Pollock, Jefferson and Wick (2015) an organization that has a coaching program is able to improve its performance, as skills, knowledge and experiences are shared. Coaching effects innovation and invention within a firm.

The study established that EABL staffs possessed skills appropriate to better organizational performance with a mean of 3.50 and standard deviation of 1.30. Tahir, Yousafzai, Jan and Hashim (2014), training and development can be done by having mentorship programs within the organization, such that the older and more experienced staffs teach the younger and junior employees on the working practices of organization. The study indicated that training enabled their staff have a better career life with a mean of 4.20 and standard deviation of 0.992 and career growth was based on well experienced staffs with advanced trainings with a mean of 3.90 and standard deviation of 0.955.

The study established that internal integration was aimed at improving EABL overall performance with a mean of 3.87 and standard deviation of 1.38. Mackelprang, Robinson, Bernardesa and Webb (2014) did a study on the relationship between strategic supply chain integration and performance. The findings of both the contingency and configuration approach indicated that SCI was related to both operational and business performance which also affected its management.

The study established that the respondents networked with their suppliers for timely delivery of supplies with a mean of 4.05 and standard deviation of 1.29. Gichuru, Iravo and Arani (2015) found out that information sharing and resource sharing has positive influence in the performance company. Companies should share resources with key suppliers in order to leverage capabilities.

The findings indicated that Technological systems were used to ease their communication with suppliers with a mean of 4.30 and standard deviation of 0.853 at EABL. Van der Vaart, Giménez and Van Donk (2016) did a study on supply chain integration and performance. The results showed that under environments characterized by high demand and technology uncertainty higher levels of integration lead to improvements in performance, while under low uncertainty environments very few integration practices lead to performance improvements.

The findings obtained that respondents worked hard to expand their networks with stakeholders with a mean of 4.20 and standard deviation of 0.757. Nazzal (2016) did an investigation on the effect of supply chain integration where customer integration had rated the highest, followed by internal processes integration and finally supplier integration.

The researcher established that stakeholder management reduced conflicts and its negative effects on performance with a mean of 4.15 and standard deviation of 1.23, stakeholders were engaged in decision making process at all stages of their operations with the mean of 3.70 and standard deviation of 1.36. Wanjiru (2016) stated that stakeholders enhanced effective decision making as well as generating innovation through stakeholder engagement influenced performance. The study concluded that stakeholder engagement is an essential business management practice. In a programme and project management environment, a stakeholder has an interest in the proposed change and can influence or impact the success of that change.

The findings established that East African Breweries Limited allocated enough funds and skills to projects with a mean of 3.50 and standard deviation of 1.37. Adan (2012) conducted a study on influence of stakeholder's role on performance of constituencies' development fund projects.

The researcher established that inventory enabled continuous management flow of production with a mean of 4.00 and standard deviation of 1.06. Mwangi (2016) stated that inventory management faced by manufacturing organization were underproduction, overproduction, stock out situation, delays in the delivery of raw materials and discrepancy of records.

The study established that respondents adopted lean inventory practices to have sufficient cash flow with a mean of 4.27 and standard deviation of 0.846, timeliness in inventory delivery ensured improved performance with a mean of 4.45 and standard deviation of 0.597, Used Just-in-time method saw that they saved on storage costs with a mean of 3.55 and standard deviation of 1.21, respondents did material requirement planning to cut on underproduction or overproduction with a mean of 4.10 and standard deviation of 0.95 and market share had grown due to proper management of inventories with a mean of 4.00 and standard deviation of 1.28.

#### Conclusion

From the findings, the study concludes that employee training and development was significant in affecting performance of EABL, it was also found that HRM plays an important role in managing their organization, it was established that there was continuous training and development of employees on the job, the training and development was tailored to the job descriptions of all staff, EABL staffs possessed appropriate skills to better organizational performance and training enabled their staff have a better career life and career growth was based on well experienced staffs with advanced trainings.

The study concludes that supply chain integration was significant in the study since it affected performance of EABL, that internal integration was aimed at improving EABL overall performance, the respondents networked with their suppliers for timely delivery of supplies, technological systems were used to ease their communication with suppliers and respondents worked hard to expand their networks with stakeholders.

The researcher concludes that stakeholders' management was significant in affecting performance on EABL, stakeholder management reduced conflicts and its negative effects on performance, stakeholders were engaged in decision making process at all stages of their operations and East African Breweries Limited allocated enough funds and skills to projects.

The researcher concluded that inventory management program positively influenced performance on EABL, inventory management enabled continuous flow of production, the study established that respondents adopted lean inventory practices to have sufficient cash flow, timeliness in inventory delivery ensured improved performance, used Just-in-time method saw that they saved on storage costs, respondents did material requirement planning to cut on underproduction or overproduction and market share had grown due to proper management of inventories.

#### Recommendation

The study recommended that EABL should have mentorship program to pass down skills to junior staff, EABL coaching should promote sharing of experiences at the workplace, benchmarking should be done with organizations on the best working practices in operations.

The study recommended that EABL should collaborate with their suppliers to encourage continuous production, customer integration within their supply chain should be improved to improve performance and EABL should work with likeminded people to protect their environments.

The researcher recommended that East African Breweries Limited should employ formal stakeholder management techniques, EABL should coordinate activities with their partners to realize high performance, East African Breweries Limited should allocate enough funds and skills to projects and their stakeholders should have helped them increase their production capacity.

The researcher recommended that EABL strategic relationship with suppliers should improve their performance in the procurement function, inventory management practices should affect EABLs production and eventually profit maximization, EABL should adapt modern inventory management practices to lead to customer satisfaction and EABL inventory should be based on accurate forecast of market supply and demand.

# **Recommendation for Further Studies**

The current study was done using primary data, future scholars should carry out similar studies using both secondary and empirical data, the current study established that  $R^2$  is 57.1% therefore,

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there are other factors affecting performance on East Africa Breweries Limited that were not covered in the current study that future scholars should focus on. As the current study was carried out on East Africa Breweries Limited, future studies should therefore focus on other organization.

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