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SUPPLIER RELATIONSHIP MANAGEMENT AND PERFORMANCE OF RETAIL CHAIN STORES IN NAIROBI CITY COUNTY, KENYA

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ABSTRACT

The purpose of the study was to establish the relationship between supplier relationship management and performance of retail chain stores in Nairobi City County, Kenya**.** The study intended to be guided by the following research objectives; strategic collaboration, organizational structure, respectively. The study was based on the Resource Based Theory, Contingency Theory. A conceptual framework illustrated the relationship between the independent and dependent variables. The study adopted a descriptive research design and a positivist approach. The study adopted a census survey of 268 respondents drawn from the procurement and accounting fields in the registered retail chain stores operating within Nairobi City County. Data was obtained through primary data sources by means of questionnaires administered to the entire target population. The data collection instrument was 10% pilot tested to confirm its validity and reliability. Descriptive and inferential statistics was used to analyze the data collected and analyzed with the help of SPSS version 28. In descriptive statistics, frequencies, percentages, mean and standard deviation was used. In inferential statistics, regression analysis was used to determine the relationship between variables. The findings were presented in tables. The study concludes that strategic collaboration has a positive and significant influence on performance of retail sector in Nairobi City County, Kenya. In addition, the study concludes that organization structure has a positive and significant influence on performance of retail sector in Nairobi City County, Kenya. Based on the findings, the study recommends that the management of retail sector in Nairobi City County should formulate and implement effective governance structure to enhance firm performance. In addition, the management of retail sector in Nairobi City County should put into consideration link order management, joint capacity management system and developing and sharing of forecasts.

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INTRODUCTION

Supplier Relationship Management (SRM) is the discipline of strategically planning for, and managing, all interactions with third party organizations that supply goods and/or services to an organization in order to maximize the value of those interactions (Odongo & Motari, 2020). SRM entails creating closer, more collaborative relationships with key suppliers in order to uncover and realize new value and reduce risk of failure (Kosgei & Gitau, 2016). The immediate objective of SRM is to streamline and make more effective the sourcing processes between an enterprise and its suppliers. It is a strategic, enterprise-wide, long-term, multi-functional, dynamic approach to selecting suppliers of goods and services and managing them and the whole value network from raw materials to final customer use and disposal to continually reduce total ownership costs, manage risks, and improve performance - quality, responsiveness, reliability, and flexibility (Beatrice & Mulyungi, 2019). SRM includes both business practices and software and is part of the information flow component of supply chain management (SCM). SRM practices create a common frame of reference to enable effective communication between an enterprise and suppliers who may use quite different business practices and terminology (Mwangi & Mwangangi, 2018).

Supplier relationship management is a comprehensive approach to managing an enterprise's interactions with the organizations that supply the goods and services it uses. The goal of Supplier Relationship Management (SRM) is to streamline and make more effective the processes between an enterprise and its suppliers just as customer relationship management (Beatrice & Mulyungi, 2019). SRM includes both business practices and software and is part of the information flow component of supply chain management. Yet SRM plays an important role in the reduction of costs and the optimization of firm growth (Kosgei & Gitau, 2016). The short term objectives of SRM are primarily to increase productivity and reduce inventory and cycle time. The long term objectives are to increase market share and profits for all members of the supply chain. SRM ultimately lead to enhanced procurement growth (Miyoko, Marika, & Litondo, 2019). Many retail chain stores lack a proper understanding of SRM techniques (Mwangi & Mwangangi, 2018). Consequently, many retail chain stores experience a wide range of procurement and overall business problems which erode the suppliers’ confidence and thwart business relationships (Shajema, 2018). As a result of such challenges, a mismatch between supplier relationships and retail chain stores growth is eminent (Ochieng, 2018).

In spite of the critical role and positive outcomes that supplier relationship management play on organizational growth (Mwangi & Mwangangi, 2018), retail supermarkets in Kenya have experienced mixed patterns of positive and negative growth (Kanja & Mwangangi, 2017) leading to lower profits, despite high volumes, and the result has been two thirds of the firms dropping out of the growth curve, hence, their deaths in the volatile competitive retail markets (Odongo & Motari, 2020). This has turned it to be more difficult for the existing firms to maintain market share and achieve growth (Kanja & Mwangangi, 2017)resulting in some of the leading supermarkets going into receivership or/and closure (Wanjohi, Gathenya, & Kihoro, 2019).This is in spite of the need to strengthen the sector, which is essential in the achievement of vision 2030.

Due to the new ways of doing business in the retail industry and the constant change of technology, retail outlets battle to win customer is becoming more and more intense thus the need to maintain long term relationships with suppliers is growing. The recent decade has seen retail business as one of the growth areas in the global economy, witnessing high growth rates in the developed countries and perching exponential growth in the emerging economies. Rapid growth being an important factor is also followed by increasing competition and emergence of new retailing formats in shaping new scenario of retail stores (Kaborio, Kamau, & Mbithi, 2017). This begs for an explanation on the role supplier relationship management has on the performance of retail chain stores. It is on this premise the current study seeks to establish the relationship between supplier relationship management and performance of retail chain stores in Nairobi City County, Kenya.

In Ethiopia, organizations that successfully manages supplier, provide effective implementation of procurement practices and helps minimizing procurement expenditure and sustaining organization operations continuously. Organization has to effectively manage supplier to realize supply chain performance (Westrenius & Barnes, 2015). It is important to shed greater light on how retail chain stores expenditure can be minimized through effective management of supplier practices. The Supply chain management (SCM) in the retail chain stores is the set of approaches utilized to efficiently integrate suppliers, manufacturers, warehouses, and stores, so that merchandise is produced and distributed at the right quantities, to the right locations and at the right time in order to minimize system wide costs while satisfying service level requirements (Gebrehiwott, 2021).

The Kenyan retail chain sector is composed of four main domestic retail chains: Uchumi, Nakumatt, Tuskys, and Naivas. The market concentration has kept on increasing and several independents retail chain stores have also come up. Nairobi with a population of 2.6 million has many retail chain stores chains due the growing trend of self service and because of the touch and feels nature of Kenyan customers. Urban centers opportunities have also driven investment to spread over in to other major cities and towns such as Mombasa, Nakuru, Eldoret, and Kisumu (Kiumbura, 2013). For a long time, they were only found in large cities of the developed world and middle income countries. Retail chain stores have been spreading rapidly in the East and Southern African region since the early 1990s. Nakumatt, Uchumi, Naivas and Tuskys are the country‘s biggest retail chain stores in terms of branch network and shopping traffic. In Nairobi, the wars for market share have taken mainstream retail chain stores from the usual commercial areas to residential places, where they are squaring off with newer and smaller entrants like Chandarana, Stagematt, Eastmatt and Cleanshelf among others (Njenga, 2010)

Statement of the Problem

Retail stores like other business organizations endeavor to promote their brand reputation, increase their market, attain efficiency and gain competitive advantage in the market in order to make profit and remain in business (Kanja & Mwangangi, 2017). However, the local retails stores in Kenya have been struggling to gain a significant market share and create strong brand reputation over the years yet not much has been achieved so far as demonstrated by the demise of Nakumatt Holdings and Tuskys supermarket. Uchumi has also been having issues with its supplies due to late payments. This has been attributed to their lack of supplier development hence inability to meet company obligations (Shajema, 2018) due to the fact that the industry is highly competitive.

Deloitte’s Procurement Performance Survey (2018) found increasing levels of supplier development and restructuring of existing collaborations improve performance of the retail chain stores. The report indicated that to some extent 77% of procurement performance in the retail chain stores and maybe actively driven from innovation with suppliers, the vast majority rates the effectiveness of their strategic supplier collaborations as poor or mixed. According to the Kenya Retail Sector Report (2019), the retail sector’s performance in key urban cities softened, recording average yields of 7.0% in 2020, 1.4% points lower than the 8.6% recorded in 2019, attributed to issues in regard to suppliers. The question now remains; is supplier relationship management the actual missing factor for the improved performance of retail chain stores in Kenya? If it has been effected, how has it contributed to performance of retail chain stores in Kenya?

Further, various studies by Owuor and Karanja (2015) studied the effects of strategic supplier development on internal operational performance of manufacturing firms by focusing on EABL. Nyamasege and Biraori (2015) study focused on SRM on the effectiveness of Supply Chain Management in Kenya Public Sector – Ministry of Finance. Beatrice and Mulyungi (2019) study focused on supplier development on procurement performance in Manufacturing Sector in Rwanda. From the afore mentioned, none has been conducted on supplier development and retail chain stores. This has created a knowledge gap. It is against this background that necessitated a study to be carried out to establish the role supplier relationship management and performance of retail chain stores in Nairobi City County, Kenya.

Objectives of the Study

The study was guided by the following specific objectives:

i. To examine the effect of strategic collaboration on performance of retail sector in Nairobi City County, Kenya.
ii. To determine the effect of organizational structure on performance of retail sector in Nairobi City County, Kenya

LITERATURE REVIEW

Theoretical Review

Resource Based Theory

The source of an organization competitive advantage lies mainly in how it exploits its distinctive internal resources and competence by setting strategic objectives based on what they enable it to (David, 2011). The resource-based approach starts with the organizations strengths and seeks an environment that will enable it exploit them by changing environments to suit what it does best rather than changing what it does best to fit the environment. One of the key insights of the resource-based view is that not all organizational resources are a potential source of competitive advantage (Hilt, 2011). However, in order to be competitive, resources must be valuable by being capable of creating customers value allowing the firms to implement strategies that will enable it to meet customers’ needs more efficiently and effectively, rare and in high demand, difficult for competitors to imitate and difficult for competitors to substitute.

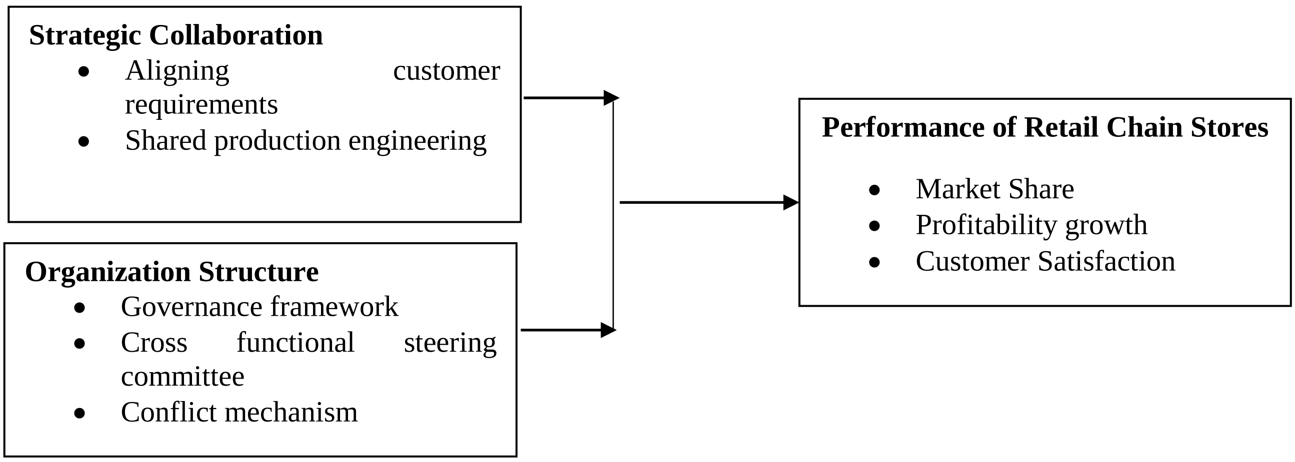
In effects to ICT integration, Sulastri (2006) found that RBV is useful by employing various strategies in controlling inventories in the organization through optimal utilization and allocation to be more competitive by ensuring security and addressing consumer privacy concerns, thus bolstering the overall supply chain performance similarly, RBV also uses techniques such as value analysis to study the functions of material components or systems to identify area of unnecessary costs as it forms a key component of an inventory control strategy that minimizes costs such systems to the bottom line (Husnah, 2013). In addition, RBV exploits supplier led approach through creating a challenge for logistics service firms to learn how to exploit the new machinery consumables or processes scale intensive approach through use of RFID system where advantage is gained from economies of scale

Contingency Theory

Lawrence and Lorsch (1967) introduced contingency theory as the idea that there is no best way to organize and manage a business, but the organization must review internal and external factors to do what is best for their enterprise. Smith and Nichol (1981) further explained due to poor economic performance tighter control measures may not be the most appropriate change for an organization, and leaders must review their business from a contingency perspective to understand which changes are most suitable for the current situation. Reviewing supply chain management risk from a contingency perspective, utilizing internal and external factors is critical to developing an effective supply chain strategy (Talluri et al., 2013). This association helps to further developing the relationship with strategic sourcing.

Additionally, developing a contingency perspective with supply chain partners is critical to achieving quality supplier performance (Jayaram et al., 2011). Contingency theory has a direct connection with the variables centralization, specialization, formalization, and hieratical position because they are all design variables that can be influenced by both internal and external factors, and there is no right solution for all businesses (Glock & Broens, 2013).

Conceptual Framework



Strategic Collaboration

In practice, strategic collaboration expands the scope of interaction with key suppliers beyond traditional buy-sell transactions to encompass other joint activities which are predicated on a shift in perspective and a change in how relationships are managed, which may or may not entail significant investment. Such activities include, Joint research and development, more disciplined, systematic, and often expanded, information sharing and finally joint demand forecasting and process re-engineering. The strategic focused outcomes model (SFOM) categorizes collaboration into three. These are Market collaboration which includes activities such as shared merchandising, co-branding, joint selling and distribution channel management. Operational collaboration which includes shared operational planning information, developing and sharing of forecasts, link order management system and joint capacity management system. Strategic collaboration which includes aligning customer requirements, sharing basic technologies, shared production engineering, developing joint market entry strategies and develop joint capital expenditures. (Tan Leong, 2009).

Strategic supplier collaboration is a very crucial component for success of any given organization. This warrants an organization to work together with their strategic suppliers in order to create a competitive advantage through sharing information making joint decisions and sharing benefits thus greater profitability of satisfying customer needs than acting alone (Simatupang & Sridharan, 2012). Nowadays, the company's relationships with suppliers have been differing from simple transaction exchanges that have been handled in adversarial approach to varied and articulated set of business relationships and handled in respect to the supplier-base, according to a long-term perspective (Tunisini & Sebastiani, 2015). Many supplier relationships are complex in terms of interactions as it involves knowledge and information exchanges, mutual adaptations and long-term investments, and these are handled according to a strategic approach (Cousins & Spekman, 2013).

Strategic supplier collaboration is the act of two or more chain members working together to create a competitive advantage through sharing information making joint decisions and sharing benefits which result from greater profitability of satisfying customer needs than acting alone (Simatupang & sridharan, 2012). Supplier relationships play both a rationalization role, in which they support the company's efficiency and support minor sacrifices for its customers, and a developmental role, in which they support the company's development of innovation and capabilities and, thus, help the increase of the benefits perceived by the company's customers (Gadde et al., 2015). As a result of the strategic importance of supplier relationships, the procurement function has become more and more crucial in the organization. This function performs more and more strategic activities by developing and controlling critical capabilities supporting and enhancing the company's competitive differential (Monczka et al., 2015).

Collaboration of suppliers at operation level in chain stores influence achievement of better firm performance as it contributes to effective supply chain risk management and improves firm supply risk management capabilities. Operational collaboration which includes shared operational planning information, developing and sharing of forecasts, link order management system and joint capacity management system foster supply chain management and improve firm better position for achieve expected supply chain performance and eventually firm performance goals. Strategic collaboration which includes aligning customer requirements, sharing basic technologies, shared production engineering, developing joint market entry strategies and develop joint capital expenditures lower supply chain risks that may cause delivery delays, unreliable deliveries and failures in delivery, high costs of supply and supply of quantity not agreed (Tan Leong, 2009).

Organization Structure

A formal SRM team or office at the corporate level; the purpose of such a group is to facilitate and coordinate SRM activities across functions and business units. SRM is inherently cross-functional, and requires a good combination of commercial, technical and interpersonal skills. A formal Relationship Manager or Supplier Account Manager role; such individuals often sit within the business unit that interacts most frequently with that supplier, or may be filled by a category manager in the procurement function. These roles can be full-time, dedicated positions, although relationship management responsibilities may be part of broader roles depending on the complexity and importance of the supplier relationship. SRM managers understand their suppliers' business and strategic goals, and are able to see issues from the supplier's point of view while balancing their own organization's requirements and priorities.

An executive sponsor; and for complex, strategic supplier relationships, then a cross-functional steering committee will do. These individuals form a clear link between SRM strategies and overall business strategies, serve to determine the relative prioritization among a company's varying goals as they impact suppliers, and act as a dispute resolution body. The SRM office and supply chain function are typically responsible for defining the SRM governance model, which includes a clear and jointly agreed governance framework in place for some top-tier strategic suppliers. Effective governance should comprise of a face-off model connecting personnel in different departments such as procurement, logistics, engineering quality and operations with their supplier counterparts, regular operational and strategic planning and review meetings and well-defined escalation procedures to ensure speedy resolution of conflicts at the appropriate organizational levels.

Retail chain stores suppliers and supply chain analysis facilitates company management in terms of planning and controlling all processes that link a particular entity to its partners in one supply chain, with the aim of servicing the needs of end users (Foestl et al., 2016). At the same time, it contributes to increasing productivity on the supply side, reducing overall business costs and improving competitive position in target markets. Within the structure of the supply chain, it is important to determine precisely which participants, resources, potentials, locations and processes take place within the chain, in which way goods, information and financial flows are effected and so forth. An analysis of how the chain is managed is also important. It is necessary to consider who makes the decisions, which management strategies are used and how much influence can be exerted on an individual participant within the chain. Performance evaluation of the chain is the last step that leads to its successful management (Eva et al., 2017).

The retail chain store organization structure can enhance integration of all business functions along the entire distribution chain, not just in one company (Eva et al., 2017). The company is at the center of the distribution chain, that is., at the heart of the supplier and customer network (German et al., 2008). Its goal is to develop and implement the supply chain in the most efficient way possible, and this is achieved through detailed planning and control of all the processes that link the company to its partners in order to service the customers' needs. There are four key determinants of supply chain management efficiency identified in relevant literature: product quality, delivery time, complaints resolutions and price (Foestl et al., 2019).

Performance of Retail Chain Stores

Today's global retailers have become more strategic in their expansion and in avoiding the pitfall of entries into developing markets unlike in the past where they played a risk reward game of either tremendous growth or unexpected disaster (ATKearney, 2014). The increasing middle class has backed the modernization of the retailing sector in a lot of African countries, and these economies are now moving toward consumption-driven markets (Deloitte, 2017). This is in line with Hill, Schilling, and Jones (2016) who suggest that strategic executives must choose strategies that work together to assist their firms in utilizing resources most effectively to achieve high performance.

A review of the literature shows Product-Market strategy is explained by Market Penetration, product diversification, and collaborative networks (Wanjiru & Gongera, 2015). In spite of the critical role and positive outcomes that product- market growth strategies play on organizational performance (Wanjiru & Gongera, 2015), retail supermarkets in Kenya have experienced mixed patterns of positive and negative growth (ROK, 2008), leading to lower profits, despite high volumes, and the result has been two thirds of the firms dropping out of the growth curve, hence, their deaths in the volatile competitive retail markets (Ouma, Mwangi and Oduk, 2013). This has turned it to be more difficult for the existing firms to maintain market share and achieve growth (Mumassabba, et al., 2015) resulting in some of the leading supermarkets going into receivership or/and closure (ROK, 2018; Uchumi Supermarkets, 2016).This is in spite of the need to strengthen the sector, which is essential in the achievement of vision 2030.

The Kenyan wholesale and retail trade is one of the fastest expanding sub-sectors, currently accounting for 7.3% contribution to the Gross Domestic Product (GDP) according to Republic of Kenya (ROK), (2018c). Kenya Institute of Public Policy Research and Analysis (Kippra) (2019) acknowledges that in the last decade, supermarkets have grown at a very high rate and that their development is expected to stimulate expansion in construction and property development especially at the county level. Drivers of rapid growth of supermarkets in Kenya are given by Kippra (2019) as changing consumer lifestyles, increased urbanization, the likelihood of having a female household member in the labor force, and the economic growth experienced through the past decade. The retail sector in Kenya is one of the best areas for long term investors to venture in sub Saharan Africa. Although Nakumatt holdings were faced with cash flow challenges that left it on the brink of collapse (Cytonn, 2017). Foreign retailers have ventured into the Kenya’s retail sector because of their stronger financial muscles, better governance and management systems, lower cost of goods and government incentives, Cytonn, (2017). Some of the foreign retail outlets that have ventured to Kenya include; choppies supermarket, carrefour supermarket and the Game. Choppies is set to be the anchor in the upcoming Kiambu mall and take up space in the Spur mall in Ruiru. Carrefour opened its outlets at Hub mall in Karen, TwoRivers mall in Runda and Thika Road mall in Kasarani.

In this study, performance refers to both tangible and intangible collaborative benefits. Tangible benefits are defined in technical and economic terms such as new product or process development and improvement, increasing market share or profitability. Intangible benefits are more applicable to situations with a high level of uncertainty such as the creation of scientific and technological knowledge. Intangible benefits are rather ill-defined, evolve continuously from unpredictable interaction by the partners over time and are made possible by new knowledge opportunities. Performance using intangible measures takes into account technological learning, learning specific skills or problem-solving approaches and learning about inter-firm collaborations.

Empirical Review

Um and Kim (2019) study aimed to identify underlying factors that constitute collaboration and transaction cost advantage, to explore effects of supply chain collaboration on firm performance and transaction cost advantage, and to examine the moderation effect of governance mechanisms in the proposed relationships. Data were obtained via a web survey of Korean manufacturing firms across different industry sectors. Confirmatory factor analysis was performed to assess the unidimensionality, reliability, and validity of a large-scale survey and hierarchical regression analysis was conducted for the hypotheses testing. The results indicated that supply chain collaboration leads to better firm performance and transaction cost advantage and that performance results in transaction cost advantage.

Liu et al., (2020) study examine the impact of the implementation of supply chain strategic collaboration (SCSC) on companies’ operating performance. Based on 181 SCSC announcements of listed companies in China, this study analyzes changes in the operating performance of the sample companies in the 20 quarters after the announcement. This study uses a self-control model based on historical performance and uses a combination of adjustment percentage changes and adjustment level changes to measure performance changes. SCSC helps to improve firm operating performance, although this effect is only evident after two years. Companies that collaborate on product development have better performance improvements than do companies that implement market collaboration. The operating performance of buyer companies is better than that of supplier companies. Finally, strategic collaboration in the service supply chain improves performance more than that in the manufacturing supply chain

Kim *et al.,* (2021) study aimed to verify the effects of suppliers’ organization capability and collaboration process on supply chain performance in the context of supply chain quality management. This study developed structural equation model using the data from Supply Chain Collaboration Index investigated by Korean Standards Association. The study established that an appropriate organizational structure enhanced the quality management needs to be expanded for the part of collaboration process. Based on the result of this research, the conclusion and implication can be explained from the point of view of organizational structure, the supplier about supply chain quality management. It improves building collaboration process between manufacturer and supplier has positive influence on improvements of suppliers' operations, especially there is direct effect on cost reduction.

Seoul (2017) objective of the study focused on organization structures for efficient supply chain management. For this, this paper derives organization types for supply chain management according to the formalization and centralization level of an independent department responsible for supply chain management (SCM) activities, and hierarchical relationship in organizational position and operational responsibility between the SCM department and existing other functional departments. From the results of empirical test, this paper finds that even though too excessive formalization and centralization of the SCM department within a firm may interrupt complete SC integration and performance improvement, a certain range of control by the SCM department is inevitable to build the fundamentals of integrated supply chain management, and thus the temporary pursuit of intensive control focused organization type such as integrated line organization may be considered depending on firm characteristics and environmental change. However, the empirical results further indicate that in the long run, intermediate organization types such as Functional and Process Staff organization that the SCM department maintains an adequate level of balance and harmony with other functional departments while it controls, adjusts, and integrates various SCM activities effectively might be advisable.

RESEARCH METHODOLOGY

This study used a descriptive research design. The target population for this research study was a consensus survey of 268 respondents drawn from the procurement and accounting fields in the registered retail chain stores operating within Nairobi City County. The study adopted a purposive random sampling technique because the respondents have similar characteristic, experience, knowledge, and skills. This study used primary data for statistical analysis. Semi structured questionnaires were used, because it gives respondents choices and the others freedom of expression. This study collected both qualitative and quantitative data. Descriptive statistics describe and summarize the data in a meaningful way using charts, tables and bars while inferential statistics draw conclusions on the analysed data thus helping in generalization. Data was presented in a frequency distribution table in a summary categorically or graphs. Frequencies and percentages were also used to present the data. Frequency distribution tables are the devices that were used to present the data in a simple form. The tables were numbered and a title given to every table.

RESEARCH FINDINGS

Descriptive statistics

Performance of Retail Sector

The participants were requested to indicate their level of agreement on various statements relating to performance of retail sector in Nairobi City County, Kenya. A five point Likert scale was used Whereby 1 represent strongly disagree, 2 is disagree, 3 is neutral, 4 is agree and 5 is strongly agree. The results were as shown Table 1.

Table 1: Performance of Retail Sector

	Mean	Std. Dev.
The volume of sales has increased in the last five years	3.955	0.850
The return on investments has increased in the last five years	3.917	0.658
The net profit margins has increased in the last five years	3.837	0.974
Market share has increased in the last five years	3.767	0.928
The business has diversified its products in the last five years	3.751	0.862
The annual employee turnover has decreased over the last five years	3.742	0.921
The return on assets has increased in the last five years	3.731	0.786

From the results, the respondents agreed that the volume of sales has increased in the last five years. This is shown by a mean of 3.955 (std. dv = 0.850). As shown by a mean of 3.917 (std. dv = 0.658), the respondents agreed that the return on investments has increased in the last five years. Further, with a mean of 3.837 (std. dv = 0.974), the respondents agreed that the net profit margins has increased in the last five years. The participants agreed that market share has increased in the last five years. This is shown by a mean of 3.767 (std. dv = 0.928). As shown in the results, the respondents agreed that the business has diversified its products in the last five years. This is shown by a mean of 3.751 (std. dv = 0.862). From the results, the respondents agreed that the annual employee turnover has decreased over the last five years. This is shown by a mean of 3.742 (std. dv = 0.921). As shown by a mean of 3.731 (std. dv = 0.786), the respondents agreed that the return on assets has increased in the last five years.

Strategic Collaboration and Performance of Retail Sector

The first specific objective of the study was to examine the effect of strategic collaboration on performance of retail sector in Nairobi City County, Kenya. The participants were requested to indicate their level of agreement on various statements relating to strategic collaboration and performance of retail sector in Nairobi City County, Kenya. A five point Likert scale was used Whereby 1 represent strongly disagree, 2 is disagree, 3 is neutral, 4 is agree and 5 is strongly agree. The results were as shown Table 2.

Table 2: Strategic Collaboration and Performance of Retail Sector

	Mean	Std. Dev.
Our firm collaborate with suppliers in new product development	3.985	0.776
Our organization involve suppliers in forecasting	3.958	0.636
Collaborative supplier relationship management improve supplier performance and reliability	3.930	0.972
Our firm involve suppliers in stock replenishments	3.812	1.005
We involve suppliers in planning marketing activities	3.752	0.608

From the results, the respondents agreed that their firm collaborate with suppliers in new product development. This is shown by a mean of 3.985 (std. dv = 0.776). As shown by a mean of 3.958 (std. dv = 0.636), the respondents agreed that their organization involve suppliers in forecasting. Further, with a mean of 3.930 (std. dv = 0.972), the respondents agreed that collaborative supplier relationship management improve supplier performance and reliability. The participants agreed that their firm involve suppliers in stock replenishments. This is shown by a mean of 3.812 (std. dv = 1.005). As shown in the results, the respondents agreed that they involve suppliers in planning marketing activities. This is shown by a mean of 3.752 (std. dv = 0.608).

Organizational Structure and Performance of Retail Sector

The second specific objective of the study was to determine the effect of organizational structure on performance of retail sector in Nairobi City County, Kenya. The participants were requested to indicate their level of agreement on various statements relating to organizational structure and performance of retail sector in Nairobi City County, Kenya. A five point Likert scale was used Whereby 1 represent strongly disagree, 2 is disagree, 3 is neutral, 4 is agree and 5 is strongly agree. The results were as shown Table 3.

Table 3: Organizational Structure and Performance of Retail Sector

	Mean	Std. Dev.
The form governance framework facilitates and coordinate supplier activities across functions and business units	3.955	0.872
The cross functional steering committee interacts most frequently with the suppliers,	3.925	0.839
The cross functional steering committee has formed a clear link between suppliers and overall business strategies	3.842	0.898
There are adequate conflict resolution mechanisms from the supplier's point of view while balancing organization's requirements and priorities	3.815	0.712
Governance framework encourage business planning meetings with suppliers to discuss opportunities and potential roadblocks to collaboration	3.758	0.969

From the results, the respondents agreed that the form governance framework facilitates and coordinate supplier activities across functions and business units. This is shown by a mean of 3.955 (std. dv = 0.872).As shown by a mean of 3.925 (std. dv = 0.839), the respondents agreed that the cross functional steering committee interacts most frequently with the suppliers. Further, with a mean of 3.842 (std. dv = 0.898), the respondents agreed that the cross functional steering committee has formed a clear link between suppliers and overall business strategies. The participants agreed that there are adequate conflict resolution mechanisms from the supplier's point of view while balancing organization's requirements and priorities. This is shown by a mean of 3.815 (std. dv = 0.712). As shown in the results, the respondents agreed that governance framework encourage business planning meetings with suppliers to discuss opportunities and potential roadblocks to collaboration. This is shown by a mean of 3.758 (std. dv = 0.969).

Inferential Statistics

Correlation Analysis

The present study used Pearson correlation analysis to determine the strength of association between independent variables (strategic collaboration, organizational structure, joint activities and information and communication technology) and (performance of retail sector in Nairobi City County, Kenya) dependent variable

Table 4: Correlation Coefficients

		Firm Performance	Collaboration	Structure
Firm Performance	Pearson Correlation	1		
	Sig. (2-tailed)			
Collaboration	Pearson Correlation	.888*	1	
	N.	226*		
	Sig. (2-tailed)	.000		
Structure	Pearson Correlation	.754**	.294	1
	N	226	226	
	Sig. (2-tailed)	.002	.089	

From the results, there was a very strong relationship between strategic collaboration and performance of retail sector in Nairobi City County, Kenya ($r = 0.888$, p value =0.000). The relationship was significant since the p value 0.000 was less than 0.05 (significant level). The findings are in line with the results of Um and Kim (2019) that there is a very strong relationship between strategic collaboration and firm performance. Moreover, findings revealed that there was a very strong relationship between organizational structure and performance of retail sector in Nairobi City County, Kenya ($r = 0.754$, p value =0.002). The relationship was significant since the p value 0.002 was less than 0.05 (significant level). The findings are in line with the results of Kim *et al.*, (2021) that there is a very strong relationship between organizational structure and firm performance.

Regression Analysis

Multivariate regression analysis was used to assess the relationship between independent variables (strategic collaboration, organizational structure, joint activities and information and communication technology) and (performance of retail sector in Nairobi City County, Kenya) dependent variable.

Table 5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.932	0.869	0.870	0.0619

The model summary was used to explain the variation in the dependent variable that could be explained by the independent variables. The r-squared for the relationship between the independent variables and the dependent variable was 0.869, implying that 86.9% of the variation in the independent variables can contribute to improvement of performance of retail chain stores (strategic collaboration, organizational structure, joint activities and information and communication technology). While the remaining 13.1% is the variations of this study, meaning there are variables which can have impact on performance not covered under my study.

Table 6: Analysis of Variance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	5.294	1	29.82	1491	.001
	Residual	4.943	225	.020		
	Total	**10.137**	**2226**			

The ANOVA was used to determine whether the model was a good fit for the data. F calculated was 1491 while the F critical was 2.408. The p value was 0.001. Since the F-calculated was greater than the F-critical and the p value 0.001 was less than 0.05, the model was considered as a good fit for the data. Henceforth, it can be used to predict the influence of strategic collaboration, organizational structure, joint activities and information and communication technology on performance of retail sector in Nairobi City County, Kenya.

Table 7: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.249	0.088		2.830	0.001
strategic collaboration	0.260	0.076	0.261	3.421	0.002
organizational structure	0.379	0.09	0.381	4.211	0.001

The regression model was as follows:

$$Y = 0.249 + 0.260X_1 + 0.379X_2 + \varepsilon$$

According to the results, strategic collaboration has significant effect on performance of retail sector in Nairobi City County, Kenya β_1=0.260, p value= 0.002). The relationship was considered significant since the p value 0.002 was less than the significant level of 0.05. The findings are in line with the results of Um and Kim (2019) that there is a very strong relationship between strategic collaboration and firm performance. The results also revealed that organizational structure has significant effect on performance of retail sector in Nairobi City County, Kenya β1=0.379, p value= 0.001). The relationship was considered significant since the p value 0.001 was less than the significant level of 0.05. The findings are in line with the results of Kim *et al.*, (2021) that there is a very strong relationship between organizational structure and firm performance.

Conclusions

The retail stores collaborate with suppliers in new product development. This ensures that the products supplied meets customers' needs leading to customer satisfaction, customer loyalty, and business performance. Suppliers are also involved in forecasting demand which enables the suppliers to increase productivity of products that may be in higher demand and ensure that the retail stores do no run out of stock. Involving suppliers in marketing activities may help to identify customers' changes with regards to their buying behavior. Some customers like trying out new things so collaboration with different suppliers will keep the retailers in tabs with what's on offer in the market.

The organizations' structure determines how an organization relates with its suppliers. A suitable organization leadership will facilitate communication and collaboration with the suppliers. If the management is approachable, the suppliers will feel free to share with the leaders on issues related to production, market change, and price change of different products. A functional procurement committee will establish links between the suppliers and the business strategies which will enable the suppliers to understand the future plans of the retails and help in achieving the set goals of a retailers.

Recommendations

The retailers should cautiously select suppliers and should be very careful when selecting strategic partners. This will enable them avoid conflicts with the suppliers and ensure relationship where the partners can complement and correct each other. The government should review policies on business mergers and acquisitions to enhance strategic alliances. This may help in reducing risks due to diversification, attracting new customers, and quality improvement as a results of sharing of skills among the staff. The partnerships also promote a health competition of the retail sector.
The retail stores leadership should be accommodative and flexible. The leaders should endeavor to listen to the organization stakeholders including the suppliers. This would make the more approachable and the suppliers would always consult the management in case of any issue regarding supply and demand. The firms should have fewer hierarchy levels. This would ensure that there is free information flow to the business stakeholders. Effect of joint activities on performance of retail sector in Nairobi City County, Kenya.

Area for Further Studies

This study focused on establishing supplier relationship management and performance of retail sector in Nairobi City County, Kenya. However, this study was limited to retail sector in Nairobi City County, Kenya; hence the study findings cannot be generalized to other sectors in the county. Therefore, the study recommends that further studies should be conducted on supplier relationship management and performance of other sectors in Nairobi City County, Kenya. Further, the study found that the independent variables (strategic collaboration, organizational structure, joint activities and information and communication technology) could only explain 86.9% of performance of retail sector in Nairobi City County, Kenya. This study therefore suggests research on other factors affecting performance of retail sector in Nairobi City County, Kenya.

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