

**KAMPALA INTERNATIONAL UNIVERSITY  
SCHOOL OF BUSINESS AND MANGMENT**

**SUPPLY CHAIN MANAGEMENT AND COMPETITIVENESS OF A FIRM  
A CASE STUDY OF NTAKE BAKERY COMPANY LIMITED**

**BY  
KAKONGE KENNETH  
BSP/10035/81/DU**

**A RESEARCH REPORT SUBMITTED TO THE SCHOOL OF BUSINESS AND  
MANAGEMENT IN PARTIAL FULFILMENT OF THE REQUIREMENTS  
FOR THE AWARD OF BACHELOR'S DEGREE IN PROCUREMENT  
AND SUPPLY CHAIN MANAGEMENT OF KAMPALA  
INTERNATIONALUNIVERSITY.**

**MAY 2011**

### DECLARATION

I **KAKONGE KENNETH** do declare that this report is my original work and has never been published and or submitted for certification of any degree at Kampala International University or any other university before.

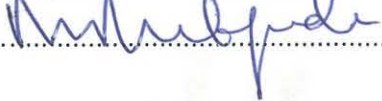
Signature.....

Date .....07/05/2011.....

### APPROVAL

This research report has been done under my supervision and submitted to the School of Business and Management with my approval as a University Student.

SUPERVISOR'S SIGNATURE

  
.....

DATE

07/05/11  
.....

MR. RUTEGANDA MICHEAL.

## **DEDICATION**

I dedicate this book to my mum, Mrs. Orone Christine Kanya, Mr. Ruteganda Michael - this is partly your effort, family members, Sam, Joe, Flo, Zed, Paul, Fred, relatives and friends.

May the Almighty bless you abundantly for all your support.

## **ACKNOWLEDGEMENT**

I greatly thank the Almighty God in heaven for it is His power that rendered me the different capabilities to reach this far.

Special thanks go out to Mr. Ruteganda Michael for the warm and friendly guidance rendered to me to write and interpret my research work.

I also convey my appreciation to my family, especially Mum for her and their continuous sacrifices rendered and love that has enabled me reach this level.

I would also like to acknowledge the support and encouragement of friends Enock, Brook, Joseph, Beckie, Denis, Leila, Monicah, Shadia.

I express gratitude to the lecturers and all staff of Kampala International University for their continuous effort to see that I reach this level.

May the Almighty God reward you accordingly.

## LIST OF ABBREVIATIONS

|           |   |
|-----------|---|
| LTD.....  | Limited   |
| CIPS..... | Chattered Institute of Purchasing and<br>Supply |
| RCG.....  | Rockford Consulting Group                       |

## LIST OF TABLES

|   |    |
|---|----|
| <b>Table 1:</b> 1.8 Conceptual Framework.....                                     | 5  |
| <b>Table 2:</b> Showing the population and sample size structure. ....            | 20 |
| <b>Table 3:</b> 4.1.1 showing the gender of respondents.....                      | 24 |
| <b>Table 4:</b> 4.1.2 showing the age of respondents.....                         | 24 |
| <b>Table 5:</b> 4.1.3 showing the academic qualifications of the respondents..... | 25 |
| <b>Table 6:</b> 4.1.4 showing years worked with the company. ....                 | 25 |

## TABLE OF CONTENTS

|  |          |
|--|----------|
| DECLARATION.....   | i        |
| APPROVAL.....  | ii       |
| LIST OF ABBREVIATIONS .....                              | v        |
| LIST OF TABLES .....                                     | vi       |
| TABLE OF CONTENTS .....                                  | vii      |
| ABSTRACT .....   | x        |
| <br>   |          |
| <b>CHAPTER ONE.....</b>                                  | <b>1</b> |
| <b>INTRODUCTION .....</b>                                | <b>1</b> |
| 1.0 INTRODUCTION.....                                    | 1        |
| 1.1 BACKGROUND.....                                      | 1        |
| 1.2 STATEMENT OF THE PROBLEM.....                        | 2        |
| 1.3 PURPOSE OF THE STUDY .....                           | 3        |
| 1.4 OBJECTIVES OF THE STUDY .....                        | 3        |
| 1.5 RESEARCH QUESTIONS .....                             | 3        |
| 1.6 SCOPE OF THE STUDY .....                             | 3        |
| 1.7 SIGNIFICANCE OF THE STUDY .....                      | 4        |
| 1.8 CONCEPTUAL FRAMEWORK.....                            | 5        |
| 1.9 STRUCTURE OF THE RESEARCH REPORT.....                | 5        |
| <br>   |          |
| <b>CHAPTER TWO.....</b>                                  | <b>7</b> |
| <b>LITERATURE REVIEW .....</b>                           | <b>7</b> |
| 2.0 INTRODUCTION.....                                    | 7        |
| 2.1 THE CONCEPT OF SUPPLY CHAIN MANAGEMENT.....          | 7        |
| 2.1.1 Drivers of Supply Chain Performance .....          | 7        |
| 2.1.2 Supply chain management enablers. ....             | 11       |
| 2.1.3 Benefits of effective supply chain management..... | 12       |



|   |           |
|---|-----------|
| 2.2 THE CONCEPT OF COMPETITIVENESS.....   | 14        |
| 2.2.1 Indicators of a Firm's Competitiveness.....                                       | 15        |
| 2.3 RELATIONSHIP BETWEEN SUPPLY CHAIN MANAGEMENT AND<br>COMPETITIVENESS OF A FIRM. .... | 16        |
| <b>CHAPTER THREE.....</b>   | <b>19</b> |
| <b>RESEARCH METHODOLOGY.....</b>  | <b>19</b> |
| 3.0 INTRODUCTION.....   | 19        |
| 3.1 RESEARCH DESIGN.....  | 19        |
| STUDY POPULATION.....   | 19        |
| 3.3 SAMPLE PROCEDURE AND SIZE .....   | 19        |
| 3.3.1 Sample size.....  | 19        |
| 3.3.2 Procedure.....  | 20        |
| 3.4 DATA TYPE .....   | 20        |
| 3.5 SOURCES OF DATA.....  | 20        |
| 3.6 DATA COLLECTION METHODS.....  | 21        |
| 3.6.1 Questionnaires .....  | 21        |
| 3.6.2 Interview Schedule .....  | 21        |
| 3.7 MEASUREMENT OF VARIABLES .....  | 21        |
| 3.7.1 Supply chain management was measured on an A-5 point Likert scales ranging ...    | 21        |
| 3.8 RELIABILITY AND VALIDITY .....  | 22        |
| 3.8.1 Validity .....  | 22        |
| 3.8.2 Reliability.....  | 22        |
| 3.9 DATA PROCESSING, ANALYSIS AND PRESENTATION .....                                    | 22        |
| 3.10 LIMITATIONS OF TUE STUDY .....   | 22        |
| <b>CHAPTER FOUR .....</b>   | <b>24</b> |
| <b>RESULTS AND DISCUSIONS OF FINDINGS.....</b>  | <b>24</b> |
| 4.0 INTRODUCTION.....   | 24        |
| 4.1 FINDINGS ON PERSONAL DATA .....   | 24        |
| 4.2 FINDINGS ON SUPPLY CHAIN M ANAGEMENT .....  | 26        |

|   |           |
|---|-----------|
| 4.3 FINDINGS ON COMPETITIVENESS .....   | 27        |
| 4.4 FINDINGS ON THE RELATIONSHIP BETWEEN SUPPLY CHAIN<br>MANAGEMENT AND COMPETITIVENESS OF A FIRM ..... | 27        |
| <b>CHAPTER FIVE .....</b>   | <b>29</b> |
| <b>SUMMARY, CONCLUSIONS AND RECOMMENDATION .....</b>  | <b>29</b> |
| 5.0 INTRODUCTIONS.....  | 29        |
| 5.1 SUMMARY .....   | 29        |
| 5.2 CONCLUSION .....  | 30        |
| 5.3 RECOMENDATIONS .....  | 30        |
| 5.4 SUGGESTED AREAS FOR FURTHER RESEARCH.....   | 31        |
| <b>REFERENCES .....</b>   | <b>32</b> |
| <b>APPENDICES .....</b>   | <b>34</b> |
| <b>APPENDIX A.....</b>  | <b>34</b> |
| BUDGET .....  | 34        |
| <b>APPENDIX B.....</b>  | <b>35</b> |
| TIME SCHEDULE .....   | 35        |
| <b>APPENDIX C.....</b>  | <b>36</b> |
| RESEARCH QUESTIONNAIRE .....  | 36        |

## **ABSTRACT**

### **SUPPLY CHAIN MANAGEMENT AND COMPETITIVENESS OF A FIRM BY**

**KAKONGE KENNETH**

**DEPARTMENT OF PROCUREMENT AND SUPPLY CHAIN MANAGEMENT.**

After noticing certain constraints like inconsistent quality, poor customer service, poor terms of delivery and escalating costs prevalent at Ntake Bakery Company, with the presence of supply chain management, a study was taken up to establish the relationship between supply chain management and competitiveness of a firm.

The first objective was to identify the major supply chain performance driver that can in turn provide solutions to the constraints if good decisions about them are made. The major drivers found include, facilities, transportation sourcing, pricing, information and inventory. Decisions about these have an influence on all the constraints and the overall competitiveness of the firm as most of the responses from the respondents suggested.

Our second objective was to find out the indicators of competitiveness of a firm with an aim of helping the firm see its position in its competitive environment which indicates the rate at which the firm will try to prevent and provide solutions to the above constraints. The indicators found out include, imitation attempts by competitors, firm's cost structure, brand recognitions by customers, market share and the firm's core competence. According to the responses these factors were found to be valid indicators that a firm can look at to judge its position.

The relationship between supply chain management and competitiveness of & firm will also be established and it will be found that it's really a strong one, meaning that the supply chain management will have great influence on a firm's competitiveness.

All this work will be covered in five chapters of introduction, literature review, methodology, discussion and interpretation of findings and conclusion and recommendation.

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.0 INTRODUCTION**

This chapter contains the background of the problem, statement of the problem, purpose of the study, objectives of the study, research questions, and scope of the study, significance, conceptual framework and the structure of the research

#### **1.1 BACKGROUND**

Over the past few years companies have been awakened on the importance of effective management of their supply chain processes and activities which to a subsequent contribution to improved customer satisfaction and hence increased competitiveness.

Supply Chain Management is a business process which though evolving has been in existence for many years and it affects every firm irrespective of the size, age, sector or location (CIPS. 2008)

Supply Chain Management is the systematic, strategic coordination of the traditional business functions and the tactics across these business functions within a particular company and across businesses within the supply chain, for purposes of improving the long term performance of the individual companies and the supply chain as a whole(Mentzer, 2001)

Supply Chain Management is a continuous process of planning. Developing, controlling, informing and monitoring of activities within the Supply Chain (CIPS 2008)

For which a supply chain is a network of facilities that procure raw materials, transform them into intermediate goods and then final goods and deliver the products to the customer through a distribution channel.

Competitiveness is the performance of a company compared to its rivals (Concise Oxford dictionary, 2009)

Levels of competitive will vary basing on the period and performance.

A firm's competitiveness is mostly measured by the customer base of a firm, or the market share a firm owns because of its competitive advantage for a sustainable period of time.

Seeking sustainable and defensive competitive advantage has become a concern of every manager who is alert to the realities of the market place.

Hence the ultimate objective of Supply Chain Management is to achieve a strategic fit between the company's competitive strategy and the supply chain strategy (Kale, 2009).

Ntake Bakery Company, a firm under study is a fourth branch company in the bakery industry with products such as bread, cakes, and doughnuts among others. The firm is faced with a problem of inconsistency in customer service levels as shown by inconsistent quality, delayed delivery, among others hence worsening customer relationship

Failure by the firm to adjust and correct its supply chain activities will lead to worsening of customer service, more delays, varying product quality, increased failure to meet market demand, high prices and increased cost among others. This in turn reduces the firm's competitiveness and reduced economies of scale

## **1.2 STATEMENT OF THE PROBLEM**

Many firms that have tried managing their supply chains effectively, have improved their customer service levels through reduced delivery problems, improved quality, reduced stock outs, reduced costs among others, hence increasing their competitiveness in the industry.

However, Ntake Bakery has failed to attain this sustainable competitive superiority. Tendencies of high levels of inconsistency in customer service delays in delivery and no delivery at all, inconsistent product quality, poor customer relationship because of increased complaint and escalating costs are all evident hence reducing the company's competitiveness (Kayiwa, 2009)

### **1.3 PURPOSE OF THE STUDY**

- To establish the relationship between supply chain management and competitiveness of Ntake bakery.

### **1.4 OBJECTIVES OF THE STUDY**

- To establish the major supply chain management drivers
- To assess the indicators of competitiveness of a firm
- To establish the relationship between supply chain management and a firm's Competitiveness

### **1.5 RESEARCH QUESTIONS**

- What are the major enablers of supply chain management performance?
- What are the indicators of a firm's competitiveness?
- What's the relationship between supply chain management and competitiveness of a firm?

### **1.6 SCOPE OF THE STUDY**

#### **Subject scope**

- The subject scope of the study is on establishing the relationship between supply chain management and competitiveness of a firm.

Under supply chain management, the study was limited on the drivers of supply chain management performance, supply chain management enablers and benefits of effective supply chain management.

Under competitiveness the study was limited on the drivers of supply chain management performance, supply chain management enablers and benefits of effective supply chain management.

Under competitiveness the study was limited on the indicators of competitiveness of a firm.

#### **Time scope**

- This was from the year 2010-2011

#### **Geographical scope**

- This was limited to the districts of Masaka, Kampala and Mbale.

### **1.7 SIGNIFICANCE OF THE STUDY**

- The outcome of the study will help supply chain managers at Ntake bakery to revise their management ways and get solutions to problems they are facing in order to gain competitive superiority.
- The study will help firms gain knowledge on how to improve their competitiveness, hence profitability and sustainability.
- The study outcome will help students and other researchers in the same field to get information to help them in carrying out further research

## 1.8 CONCEPTUAL FRAMEWORK.

### Independent Variables

### Dependent Variables

| Supply chain management | Competitiveness of a firm |
|-------------------------|---------------------------|
| Efficiency              | Quality                   |
| Effectiveness           | Delivery                  |
| Relationships           | Customer service          |

## 1.9 STRUCTURE OF THE RESEARCH REPORT

### Chapter one -Introduction

This will cover the background of the study, statement of the problem, purpose of the study, objective, research questions, scope conceptual framework and the significance of the study.

### Chapter 2- Literature Review

This has the introduction, the concept of supply chain management, the concept of competitiveness, relationship between supply chain management and competitiveness of a firm and the conclusion.

### Chapter three -Methodology

This has the introduction, research design, study population; data type sources N data, data collection methods, reliability and validity, data processing, analysis and presentation and the limitations of the study.



#### **Chapter four- Discussion and Interpretation of the Findings**

This has the introduction, findings on supply chain management findings on competitiveness and findings on the relationship between supply chain management and competitiveness of a firm.

#### **Chapter five – Conclusion and Recommendations**

This has the introduction, summary, conclusion, recommendation and areas for further research.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 INTRODUCTION.**

This chapter covers the concept of supply chain management, drivers of supply chain management performance. Benefits of supply chain management, the concept of competitiveness, indicators of a firm's competitiveness and the conclusion.

#### **2.1 THE CONCEPT OF SUPPLY CHAIN MANAGEMENT**

Supply chain management is the management of a network of interconnected businesses involved in the ultimate provision of products and service packages required by the end customer.

It spans from all movement and storage of raw materials, work in progress, inventory and finished goods from the point of origin to the point of consumption (Lyson & Gillingham, 2003).

The supply chain conceptually covers the entire physical process from obtaining raw materials through the physical processes and steps until the finished product reaches the customer. Most supply chains consist of many separate companies each linked by virtue of their part in satisfying the specific need of the end customer.

##### **2.1.1 Drivers of Supply Chain Performance**

Supply chain performance involves aligning the organization's demand plans with supply plans through effective monitoring of operations so that success is assured (Mentzer, 2001). To achieve the strategic fit between supply chain management and competitiveness, a balance between responsiveness and efficiency that best meets the needs of the organization has to prevail. The following are the major aspects that drive the performance of the supply chain.

## **Facilities**

These are actual physical locations in the supply chain network where products are stored, assembled, or fabricated. The two major types of facilities are production sites and storage sites.

Decisions regarding the role, location, capacity, and flexibility of the facilities have a very significant impact on supply chain performance.

In an attempt for the supply chain to be more responsive, its supposed to increase the number of facilities, make put them near the customers, however to reduce costs of facility and inventory, it has to have a reduced number of facilities. Hence the management concern is to achieve a balance in facility decision and in consideration of cost and responsiveness. (Chupra, Meindl, & Kalra 2009).

## **Inventory**

This encompasses all raw materials, work in progress, and finished goods within the supply chain; inventory exists in the supply chain because of the mismatch between demand and supply. Changing inventory policies can dramatically alter the supply chain efficiency and effectiveness. Hence the trade off when making inventory decision is between responsiveness and efficiency.

Increasing inventory generally makes the supply chain more responsive to its customers, it also facilitates a reduction in production and transportation costs because of improved economies of scale. However this choice is associated with increased inventory cost. Hence the managers are supposed to see what is more lacking of responsiveness and efficiency and try to balance In order to improve supply chain performance ( Chopra, Meindl & Kalra 2009).

## **Transportation**

This entails moving inventory from point to point in the supply chain. It can take many forms of many combinations of modes, routes, each with its own performance, characteristics. Transportation choices have a large impact on supply chain performance as regards efficiency and responsiveness. Faster transport allows the supply chain to be more responsive but reduces efficiency. The type also affects the inventory and facility locations in the supply chain.

The fundamental trade off for transportation is between the cost of transportation of a given product (efficiency) and the speed with which that product is transported. Using fast modes of transportation increases responsiveness and transportation costs, but lowers inventory holding costs. Hence supply chain managers have to identify where the gap is bigger between responsiveness and efficiency and try to bridge it (Chopra, Meindl & Kalra 2009).

## **Information**

This consists of data and its analysis, concerning facilities, inventory transportation, costs, prices and customers throughout the supply chain. This is considered the biggest driver of supply chain performance as it directly affects all the other drivers. It presents management with an opportunity to make supply chains more responsive and efficient.

It serves as the connection between various stages of the supply chain, allowing them to coordinate and maximize total supply chain profitability. It's also crucial to the daily operations of each stage in the supply chain, for example in the production scheduling system.

Accurate information can help a firm improve its efficiency by decreasing inventory and transportation costs. Accurate information can also improve responsiveness by helping a supply chain better match supply and demand (Chopra, Meindl & Kalra 2009).

## **Sourcing**

This is a choice of who is to perform a particular supply chain activity as production, storage, transportation, or management of information. It is a set of business processes required to purchase goods and services. Managers must decide which tasks to outsource and those that will be performed by the firm.

Contracts with suppliers should define the role of each supply source and should be structured to improve supply chain performance and minimize information distortion from one stage to the next.

The sourcing decision should be made to increase the size of the total profits to be shared across the supply chain.

Outsourcing to third parties is meaningful if the third party raises the supply chain profits more than the firm can by its own (Chopra, Meindl & Kalra 2009).

## **Pricing**

This determines how much the firm will charge for goods and services that it makes available in the supply chain.

Pricing affects the behavior of the buyers of goods and services, thus affecting supply chain performance. It's also a lever that can be used to match supply and demand.

All pricing decisions should be made with the objective of increasing profits. It requires understanding the cost structure of performing a supply chain activity and the value this activity brings to the supply chain. Strategies such as every day low pricing may foster stable demand that allows for efficiency in the supply chain. Other strategies lower supply chain costs defend and steal market share among others.

Hence it's the manager's responsibility to choose the ideal pricing strategy depending on the situation in order to increase supply chain performance (Chopra, Meindl & Kalra 2009).

All the above drivers should be given through consideration for a supply chain perform as required.

### **2.1.2 Supply chain management enablers.**

These are aspects that make it possible to undertake the management of supply chain activities. These aspects become barriers to effective supply chain management if not in place. They include:

#### **Organizational infrastructure**

The way business units and functional areas are organized and work together, how change management is handled and how management functions and makes policies determines how effective and efficient the supply chain will be managed (Marien, 2000)

#### **Technology**

Availability of advanced technology like, information technology facilitates the activities within the supply chain and hence enabling its effective management. Technology has an impact on all the supply chain management performance drivers.

Having operations, marketing and logistics data coordinated with in the company can help in making appropriate decisions that lead to efficiency and responsiveness.

It helps have data readily available to managers and the coordination operations. Marketing and logistics data between supply chain members becomes a success (Marien, 2000)

### **Strategic alliances**

Forming an alliance with external parties and managing relationships with them successfully is a source of motivation to all supply chain members and attics. hence commitment to act and perform.

### **Human resources**

This will involve the way job descriptions are designed, positions filled, people recognized and compensated all determine how successfully management of the supply chain is to be.

It's important to source and select skilled people at all management level, finding change agents to manage supply chain implementation, having compensation and incentives programs in place for supply chain management performance and finding internal process facilitators knowledgeable about supply chain management (Marien, 2000)

## **2.1.3 Benefits of effective supply chain management**

### **Reduction of supply chain costs**

Trade off analysis should is employed in all supply chain activities to achieve the lowest total process cost possible. This way low value, high cost activities will be ignored in favor of high value activities.

Supply chain mapping/situational awareness helps to understand the quality and delivery cost pressures on direct/indirect customer/supplier.

Design of the supply chain for maximum simplicity. Complex activities that take more time are avoided as they take more resources (Haywood & Helen Peck 2008)

Strategic network optimization, including the number, location, and size of the warehousing, distribution centers, and facilities

**Improved quality**

This is through supplier quality audits to make sure that the materials from the suppliers are of the needed proper quality, hence the final products, ( Marc Haywood & Helen Peck 2008).

Product life cycle management, so that new and existing products can be optimally integrated into the supply chain.

Focus on customer's demand, mostly the quality. This is through getting feedback from them through interviews and questionnaires.

**Improved delivery**

Analysis of the past performance that identifies the loopholes and gets solutions for example, fleet problems like mechanical breakdowns call for effective management through continuous fleet monitoring and servicing which effective supply chain management does.

Supplier capability assessment is carried out which identifies supplier's efficiency and effectiveness to avoid materials from getting out of stock which restricts delivery of products to customers.

Effective monitoring of supply chain activities, for example inventory management, process capacities and capabilities, lead-times (intra/inter process/organization) and lead time flexibility, ( Marc Haywood & Helen Peck 2008).

Making well researched and thought out inventory decision, Including quantity location and quality of inventory.

Transportation strategy in the supply chain is given careful consideration including frequency, routes, and contracting to avoid transport breakdown.



Dairy production and distribution planning including all nodes in the supply chain goes a long way in ensuring daily delivery.

### **Improved relationships**

Supply chain mapping of relationships, where you see and identify stakeholders with big influence and make sure their needs are effectively and efficiently satisfied.

This goes a long way in reducing customer complaints and dissatisfaction if a good relationship is maintained with them; Strategic alliance type of relationships is a ideal in this case. Suppliers and the manufacturer gain a lot in this kind of relationship as each of them is bound to rely on another, hence a lot of benefits accruing on both sides. (Marc Haywood & Helen Peck 2008).

Benchmarking of all operations including customer relationship management against competitors and implementation of the best practices throughout the organization and the entire supply chain is also carried out by supply chain managers.

Hence it can be thought of as the management of all activities aimed at satisfying the end consumer, (CIPS 2009).

## **2.2 THE CONCEPT OF COMPETITIVENESS.**

This is the performance of a company compared to its rivals, (Concise Oxford Dictionary).

A firm's competitive position is its collective cost of performing all the required activities relative to competitors (Michael Porter 1998). It measures the level of organizational performance in terms of profitability, market share, and sustainability among others, relative to competitors.

Competitiveness is achieved when a firm successfully formulates and implements a value-creating strategy, this organization can identify areas in which they can be competitive, and develop appropriate strategies to help achieve and maintain their competitiveness. Firms gain high levels of competitiveness through having a competitive advantage. This is the asymmetry or differential among firms along any comparable dimension that allows one firm to compete better than its rivals

### **2.2.1 Indicators of a Firm's Competitiveness**

#### **The cost structure**

When planning strategically turns focus on being the lowest cost producers relative to competitors. This is in an attempt to increase competitiveness. It involves selling at the market price but with the lowest cost in the industry which increases the firm's level of profitability and shows that the firm is highly competitive. Low cost is a marketing weapon that gives freedom and flexibility to match or beat competitors in a price war (Sakunda & Ngoma 2001).

#### **Market share**

This is the proportion of the market of a given industry a firm serves. Such parameter however does not have an absolute value as it could be achieved at the expense of the firm's profitability. In order to jointly consider profitability and market share, Buckley, (1988) suggest the adoption of a profitable market share as an indicator of competitiveness. Through the concept of profitable market share, they argue that we should consider market share, whilst sustaining at least the industry norm of profitability (Depperu, 2007)

#### **Brand recognition**

This is an indicator that measures the intangible resource which is increasingly considered as a key determinant of a firms competitive potential (Depperu. 2007)

**Capacity of attracting skilled human resources**

At the local and international levels human resources are attracted to competitive organizations which have a lot of prospects of success. There For competitiveness can be judged basing on this parameter (Depperu, 2007)

**Core competence**

This is a unique combination of business specialism and human skills that give an expression to the enterprise's typical character. Core competences are difficult to duplicate because they are distinct and specific to the organization or enterprise.

If a company concentrates on its core competences it becomes more effective and competitive especially when the core competences are the key success factors in the industry (Bakunda & Ngoma 2001).

**Imitation attempts by competitors**

Whenever a firm's way of carrying out activities is attracting competitors to imitate, one can make judgment that a firm is competitive and has some angles in which it's out competing the competitors (Depperu, 2007).

**Level of market expansion**

This is through getting new users, new uses and attaining increased usage of the product (Depperu, 2007)

**2.3 RELATIONSHIP BETWEEN SUPPLY CHAIN MANAGEMENT AND COMPETITIVENESS OF A FIRM.**

Supply chain management has a positive plays a pivotal role within an organization, involving predicting and satisfying customer demand back through to the suppliers (CIPS 2000). This in turn increases market share as a result of winning customer support hence increasing competitiveness.

Supply chain managers carry out a role of cost management as they monitor and influence the overall cost base across the organization (CIPS,2008) This in turn reduces a firm's cost structure making it possible for the firm to be the cost leader which according to Bakunda & Ngoma,( 2001) is a major driver of competitiveness.

According to RCG University (2007) One of the major elements of supply chain management is information management. This includes managing customer demand information, supplier and distributor database and all the flows and activities in the supply chain. This helps the firm to not only respond to their environment but also influence it through analyzing and careful use of information hence increasing their competitiveness (Porter, 1998).

Supply chain management involves new product development (Lyson & Farrington, 2001).

This is a major innovation attempt which is necessary for a firm to gain sustainable advantage and it increases the firm's competitiveness. (Porter 1998).

Where there is failure in managing a firm's supply chain network, problems of delayed delivery are evident. This is because a firm will not be in position to manage inventory, capacity and capability processes buffers, no supplier risk management, hence great fluctuations between demand and supply. This in turn reduces the market share and profitability which are the major drivers of a firm's competitiveness (Depperu & Cerrato 2007). This will hence negatively impact on a firm's competitiveness by reducing its profitability and market share.

Among the major responsibilities of supply chain management is providing the internal and external customers with high quality products and services. Poor supply chain management leaves no gap for the firm to fulfill this responsibility as it will not be able to manage suppliers well, it will also not have information about the buyers' desired quality among others.

By providing this poor quality the firm will lose the opportunity of creating brand recognition, reducing the rate of sales, hence a decline in competitiveness (Depperu & cc-raw 2007).

Failure to manage supply chain costs which is a responsibility of supply chain management, reduces profitability and competitiveness as according to Bakunda & Ngoma, (2001), cost is lost profit.

Supply chain management at Ntake Bakery has improved relationships with suppliers and distributors, for example Mulowooza which has improved the company image considering external providers hence increasing competitiveness. (Muwanga, 2009).

The weakness in supply chain management has led to inconsistent quality making the firm fail to create sustainable brand recognition and hence competitiveness.

## **CONCLUSION**

In the above chapter the researcher reviewed existing literature and data about supply chain management, competitiveness of a firm and went ahead to review literature combining both of them in an attempt to establish the relationship between the two concepts.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.0 INTRODUCTION**

This chapter presents the methodology that was used in carrying out the study which covers the design of the research, data source, data type, and procedure of data collection, data processing and presentation and the limitation of the study.

#### **3.1 RESEARCH DESIGN**

The researcher used a case study research design. In this case both descriptive and analytical methods were used. It is because the nature of the research calls for the researcher to carryout some descriptions regarding the subject matter that this design was chosen.

#### **3.2 STUDY POPULATION**

The survey population was made up of 80 people from Ntake bakery company ltd. That's to say, 20 from Mbale branch, 40 from Nalukolongo main branch and 20 from Masaka branch.

#### **3.3 SAMPLE PROCEDURE AND SIZE**

##### **3.3.1 Sample size**

The researcher used purposive sampling technique to select the study sample because certain aspects of the supply chain management needed the use of personal judgment and respondents. The respondents were believed to have information pertaining to the study.

**Table 2: Showing the population and sample size structure.**

| Location of respondents        | Population | Sample Size |
|--------------------------------|------------|-------------|
| Nalukolongo - (Kampala branch) | 40         | 20          |
| Mbale                          | 20         | 10          |
| Masaka                         | 20         | 10          |
| Total                          | 80         | 40          |

### **3.3.2 Procedure**

The researcher obtained an introduction letter from the Dean of Business and Management of Kampala International University. This letter was used to access information from Ntaka as it allowed me permission. The questionnaires were administered to employees, in addition to interviews especially administered to the top Management.

### **3.4 DATA TYPE**

The study used both primary and secondary data. Secondary data is data already existing whereas primary data is first hand data got from the field.

### **3.5 SOURCES OF DATA**

Primary data was obtained from Ntaka Bakery main branch at Nalukolongo-Kampala, Mbale and Masaka branches, Secondary data was obtained from sources like, journals, articles, textbooks, and magazines having data concerning the study subject matter.

### **3.6 DATA COLLECTION METHODS**

Data was collected by use of interview schedules and questionnaires methods.

#### **3.6.1 Questionnaires**

Here, semi structured questionnaires were used. The questions were objectives and a few unstructured ones. These questionnaires were designed in line with the topic and research objective. The advantage of using this tool was that detailed and accurate information was obtained at cheap administrative needs or costs.

#### **3.6.2 Interview Schedule**

Ntake's top management was interviewed using interview schedules containing unstructured questions. This was in an attempt to tap vital information not asked for in the questionnaires so that comprehensive data is collected.

### **3.7 MEASUREMENT OF VARIABLES**

The scales from previous studies were used to measure the study variables.

**3.7.1** Supply chain management was measured on an A-5 point Likert scales ranging from strongly agree to strongly disagree. Variables included the drivers, indicators and facilities.

**3.7.2** The researcher also used the A-5 Likert scale for competitiveness, in this case covering the indicators.



### **3.8 RELIABILITY AND VALIDITY**

#### **3.8.1 Validity**

This was concerned with the appropriateness of the interpretation made from the test score. Assistance in this case was sought from the supervisor to establish the validity of the interview schedule and questionnaires. Hence his comment and suggestion was taken into consideration in the final outcome of the research instruments.

#### **3.8.2 Reliability**

This means dependability or trust worthiness. The research was carried out at Ntake Bakery Company; the instruments were constructed using simple language and were made as clear as possible. The subjects were interviewed more than once to ascertain the consistence of their information. The sample used was adequate and more than one instrument was used hence the above helped in getting reliable results.

### **3.9 DATA PROCESSING, ANALYSIS AND PRESENTATION**

Data was collected and analyzed in order to ascertain relevancy, reliability, completeness and accuracy. During analysis the researcher used computer programs like Microsoft excel, and Microsoft word to make presentations easy. The information was presented by use of percentages and frequencies and follows the order of the objectives. The presentation represents what was revealed from primary and secondary data analysis.

### **3.10 LIMITATIONS OF TUE STUDY**

All the three branches of Ntake bakery don't have particular procurement and supply chain managers. There for the researcher tried contact top management who has general knowledge about the subject in the study as they are the ones carrying out the supply chain activities.

In getting primary data, the research encountered problems of slow response and in some cases no response at all was issued as some questionnaires were not returned. Hence the researcher tried to make sure that questionnaires are distributed to responsible people who are capable of answering them and returning them after answering immediately.

The researcher faced a problem of high costs of obtaining secondary data. The researcher used the free wireless internet provided at the campus, Use of the school library for literature reviewing which reduced the costs involved.

## CHAPTER FOUR

### RESULTS AND DISCUSSIONS OF FINDINGS

#### 4.0 INTRODUCTION

This chapter covers, introduction, findings and discussions about personal data, supply chain management, competitiveness of a firm and the relationship between supply chain management and competitiveness of a firm.

#### 4.1 FINDINGS ON PERSONAL DATA

**Table 4.1.1 showing the gender of respondents**

| Gender | Frequency | Percentage |
|--------|-----------|------------|
| Male   | 30        | 75%        |
| Female | 10        | 25%        |
| Total  | 40        | 100%       |

**Source: primary data**

From the above table it's revealed that 75% of the respondents were male and only 25% female. This big gap in gender implies gender inequality in the organization; this is probably because of the versatility needed at the firm which can only be handled by men.

**Table 4.1.2 showing the age of respondents**

| Years        | Frequency | Percentage |
|--------------|-----------|------------|
| 18-25        | 6         | 15%        |
| 26-35        | 10        | 25%        |
| 36-45        | 18        | 45%        |
| 46 and above | 6         | 15%        |
| Total        | 40        | 100%       |

**Source: primary data**

The findings revealed that majority of the respondents were in the age bracket of 36-45 represented by 45% as seen in the table above. This is a bracket of smart people brain wise, can use personal judgment, experienced and having a knowledge on different tasks hence capable of providing reliable information.

**Table 4.1.3 showing the academic qualifications of the respondents**

| Qualification     | Frequency | Percentage |
|-------------------|-----------|------------|
| Secondary         | 7         | 17.5%      |
| Diploma 10        | 10        | 25%        |
| Bachelor's degree | 20        | 50%        |
| Master's degree   | 3         | 7.5%       |
| Others            | -         | -          |
| Total             | 40        | 100%       |

**Source: primary data**

As seen in table 4.1.3 above, the majority of the respondents were at a level or bachelors degree which indicates a workforce of intellectuals capable of good performance.

**Table 4.1.4 showing years worked with the company.**

| Years       | Frequency | Percentage |
|-------------|-----------|------------|
| 1-3         | 3         | 7.5%       |
| 4-6         | 18        | 45%        |
| 7-9         | 14        | 35%        |
| 9 and above | 5         | 12.5%      |
| Total       | 40        | 100%       |
|             |           |            |

**Source: primary data**

Primary data revealed that majority of the respondents had worked for the company for a range between 4-6 years. The second majority had worked for between 7-9 indicating an experienced workforce that understands the operations of the company, and hence having reliable data.

#### **4.2 FINDINGS ON SUPPLY CHAIN M ANAGEMENT**

Location of the company facilities and the company's inventory policy were found to have a great role in ensuring supply chain performance as supported by 45% and 50% of the respondents strongly agreeing respectively. This implies a need for the company to consolidate its position in handling them in achieving improved efficiency and responsiveness. 40% of the respondents disagreed to the fact that information management has improved efficiency in the firm and only 20% agreed and 15% strongly agreed. This implies a weakness in information management which according to Chopra & Sunil, 2007 is a major driver of supply chain performance.

Technology and human resources were found to be major drivers of supply chain success as 53% and 55% of the respondents strongly agreed on each respectively. This implies that improving on these drivers can make the company have the capacity to achieve tremendous success in competitiveness. Strategic alliances were also found to be vital in easing the management of the firm's supply chain with 55% of the respondents strongly agreeing, implying a need for the organization to keep up and consolidate these relationships as a means of attaining competitive advantage.

The research found out that since the organization stated supply chain management, their costs reduced as 50% of the respondents agreed and only 20% disagree. This implies that the companies has a chance of becoming the cost leader and hence improve competitiveness on the aspect of quality. 50%disagreed to the fact that supply chain management has improved quality. This implies that quality is sill poor and more effort is needed on the supply chain side to improve it.

However it was found that responsiveness in terms of delivery increased as 38% of the respondents agreed and only 23% disagreed. This improved effectiveness implies improved customer service hence a need for the firm to keep it up.

#### **4.3 FINDINGS ON COMPETITIVENESS**

The research found that the firm's cost structure and market share are major indicators of competitiveness. 48% of the respondents agreed in favor of the cost structure which percentage bares the majority and 50% for market share with only 5% disagreeing. This implies that increased emphasis is needed on these two for the achievement of sustainable competitiveness. The core competence of variety production was supported as an indicator of competitiveness with 38% of the respondents strongly agreeing and 40% agreeing. In addition 25% and 43% strongly agreed and agreed respectively on the fact that imitation attempts by competitors indicate a firm's competitiveness. This implies that the firm is concentrating on its core competences with a special effort in innovation and continuous differentiation. It will dodge imitation attempts which happen when a firm is performing well and attain competitive superiority. The findings also revealed that the company's brand image created is also an indicator of competitiveness by 38% of the respondents strongly agreeing and 40% in agreement. This implies a need for the company to continuously improve on its image through improving quality and innovation among others.

#### **4.4 FINDINGS ON THE RELATIONSHIP BETWEEN SUPPLY CHAIN MANAGEMENT AND COMPETITIVENESS OF A FIRM**

From the research it was found that supply chain management has a positive relationship with cost reduction and increasing responsiveness as supported by 25% strongly agreeing and 50% agreeing on the former and 38% strongly agreeing and 55% agreeing on the latter. This implies that through supply chain management, the outcome of reduced costs and increased responsiveness is assured.

It was also found that supply chain management increases innovation and the firm's competitive scope. 50% strongly supported the aspect of increasing innovation and 47% were in strong agreement of supply chain management having a relationship with increasing scope. This implies that Ntake bakery tries managing its supply chain as the relationship is evidenced in the increasing scope and innovation.

According to the findings, supply chain management influences quality of the products and services as this was supported by 50% of the respondents which is the majority. This implies that the firm has a certain weak point which has made it fail to create a positive relationship, better supply chain management and quality as the quality was reported poor.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATION**

#### **5.0 INTRODUCTIONS**

This chapter covers the summary, conclusion, recommendation and areas for further research.

#### **5.1 SUMMARY**

In an attempt to find out whether Ntake Bakery Company makes good decisions about the drivers of supply chain management performance in order to increase efficiency and effectiveness, it was found that truly it does as most of the respondents supported and agreed to the outcome of these decisions.

It was also found that the supply chain management enablers that Ntake affected have enabled the firm to manage its supply chain and the company has benefited from supply chain management as supported by the majority which is bound to increase its competitiveness.

Several indicators of competitiveness were also found relevant and applying to the firm in its competitive environment as supported by the majority. Hence the firm can continuously base on these to judge how well it's working and put in place measures of improvement.

It was also found that supply chain management has a positive relationship with competitiveness of Ntake bakery, where effective and where ineffective, the relationship becomes negative as most of the company's goals are not met.



## **5.2 CONCLUSION**

The researcher concluded that good decisions about the drivers of supply chain management performance lead to improved competitiveness along side the proper implementation of the supply chain management enablers, which makes a firm benefit from supply chain management.

There are also several indicators that can be relied upon by a firm to assess its competitiveness. These hence are the major factors that the firm has to look at, judge its position and see how to improve

It also concluded that supply chain management leads to increased competitiveness which indicates a positive relationship, but where ineffective, it leads to a negative relationship.

## **5.3 RECOMENDATIONS**

Effective and efficient decisions should be made on the matters concerning supply chain management, for example on the major drivers in order to increase effectiveness and efficiency in the firm's operations hence competitiveness.

There is a need for the firm to maximize all the enablers of supply chain performance as per (Marien 2000) for it to be in a better position of performing hence attaining sustainable competitive superiority.

All employees should be sensitized on all supply chain aspects, together with continuous review and communication of supply chain performance as some of the respondents were found to not be sure about it.

The firm should set goals and objectives aimed at increasing competitiveness, Identify the key performance indicators and key result areas before implementing the goals.

There is need for the firm to continuously monitor the acts of competitors in order to counter act and remain competitive.

#### **5.4 SUGGESTED AREAS FOR FURTHER RESEARCH**

Supply chain management and cost reduction. In this, one tries to identify how managing supply chains can reduce a firm's costs.

Supply chain management enablers and business success. Here one broadly discusses how the following enablers can bring about business success.

Supply chain relationships and organizational performance. Here one digs down on how relationships created in the supply chain can affect organizational performance.

## REFERENCES

Chartered Institute of Purchasing and Supply, (2009), *Supply Chain Management, Knowledge Summary*.

Donatella Depperu and Daniele Cerrato, (2009), *Analyzing International Competitiveness at the firm level, Concept and Measures*.

Geoffrey Bakunda And Mohamed Ngoma,(2001) *Business Strategy*, 1<sup>st</sup> Edition.

J.B.Sykes *Concise Oxford Dictionary of Current English*, seventh edition.

Kenneth Lyson and Gillingham, (2003), *Purchasing and Supply Chain Management*, 7th edition, Pearson education Ltd, Hallow city.

Lysons and Farrington,(2006), *Purchasing and Supply Chain Management*,7th edition, Pearson education.

Major mare Haywood and Dr. Helen peck 2008, *Improving Management of Supply Chain Vulnerability*, Cranfield University.

Marien E.J,2000

Mentzer, J.Tet al,(2001), *Defining Supply Chain Management, Journal of Business logistic*, volume 22

Micheal Porter, (1998), *The Competitive Advantage of Nations*, Free Press Edition

Rockford Consulting Group,(2009), *Journal of Supply Chain Management*, Rockford University.

Shailendra Kuma Uttamiro Kale,(2010),*Global Competitiveness, Role of Supply Chain Management*, Sinhgad Institute of Management.

Sunil Chopra, Peter Mendi and D.V Kalra,(2009), *Supply Chain Management, Strategy Planning and Operation*, third edition, Pearson education, Prentice Hall.

## APPENDICES

### Appendix A

#### BUDGET

| Particulars                       | Cost (Ush)       |
|-----------------------------------|------------------|
| Stationary                        | 20,000/=         |
| Transport                         | 30,000/=         |
| Typesetting, printing and Binding | 150,000/=        |
| Internet                          | 15,000/=         |
| Photocopying                      | 20,000/=         |
| Miscellaneous                     | 15,000/=         |
| <b>Total Amount</b>               | <b>250,000/=</b> |

|  |                    |           |              |              |                       |
|--|--------------------|-----------|--------------|--------------|-----------------------|
| <b>PART B. RELATIONSHIP:</b> This part has the relationship between supply chain management and competitiveness. Please choose only one option that suits your level of agreement or disagreement for each of the following statements by ticking the box. | Strongly agree (5) | Agree (4) | Disagree (3) | Not Sure (2) | Strongly disagree (1) |
| 1-Supply chain cost management leads to cost reduction hence increased competitiveness   |                    |           |              |              |                       |
| 2-Responsiveness increases as a result of managing your supply chain   |                    |           |              |              |                       |
| 3-Supply chain management leads to innovation  |                    |           |              |              |                       |
| 4. Supply chain management increases the competitive scope   |                    |           |              |              |                       |
| 5-Supply chain management improves quality   |                    |           |              |              |                       |