



## Research Article

### EFFECT OF ENTREPRENEURIAL SUPPLY CHAIN MANAGEMENT COMPETENCIES ON ORGANIZATIONAL PERFORMANCE IN MANUFACTURING FIRMS, NAIROBI COUNTY, KENYA

<sup>1</sup>Dr. Bonuke and <sup>2</sup>Korir Loice

<sup>1,2</sup>Department of Marketing and Management Science, School of Business and Economics, Moi University, P.O. Box 3900, post code 30100, ELDORET, Kenya

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#### ABSTRACT

**Purpose:** The main purpose of the study was to determine the effect of entrepreneurial supply chain management competencies on organizational performance.

**Design/methodology/approach:** The study used random sampling technique to select a sample size of 368 supply chain managers from manufacturing firms in Nairobi County, Kenya with a response rate of 56.25 per cent. Data was analyzed by employing correlation and multiple regression analysis

**Findings:** The findings indicated that innovation orientation, risk-taking characteristics, and reactivity orientation has significant and positive effect on organizational performance

**Research limitations/implications:** The generalizability of the findings is limited as the study focuses only on entrepreneurial supply chain management competencies in manufacturing firms in Kenya. Thus, more research and studies should be carried out to determine entrepreneurial supply chain management competencies from other sectors such as banking, construction among others.

**Practical implications:** From the findings, manufacturing firms need to train more on rapid changes in technological innovation. Managers also need to be proactive and risk takers in their day to day operations in the supply chain department.

**Originality/value:** The findings made a contribution in terms of allowing us to understand the some factors that can contribute to the organizational performance. The study has demonstrated some of the supply chain management practices which are crucial in enhancing manufacturing firms' performance in Kenyan context.

## INTRODUCTION

Supply chain management initiatives enable firms to improve operational processes such as inventory levels, and achieve higher revenues and better margins (Swink *et al.*, 2010). Several management activities are purposed to improve the supply chain performance (Li *et al.*, 2006). SCM is integration of supply base and logistics systems. In the US, SCM practices are represented by customer and supply management, supply chain features, communication and speed, and information sharing while in Taiwan it is represented by the integration of customer service management and supply chain features. Supply chain members have recognized the importance of information sharing as an essential factor influencing supply chain performance (Lee *et al.*, 2000). The benefits of information sharing are well recognized (e.g., Klein and Rai, 2009), and various information technology solutions for sharing

**\*Corresponding author: Dr. Bonuke,**

Department of Marketing and Management Science, School of Business and Economics, Moi University, P.O. Box 3900, post code 30100, ELDORET, Kenya.

information and integrating supply chain processes are available; however, firms may still avoid sharing information with their upstream or downstream partners (Karen, 2010). Selfish enhancement of their own competencies, increasing bargaining power within a relationship, and the ability to influence terms and conditions in their own favor through control over strategic information are some of the factors that prevent firms from sharing supply chain information. As a result, varying forms of information sharing behaviors can be observed within supply chains. Systems theory identifies the main elements of an activity and describes how the elements must work together in order to achieve the desired results. The theory offers the potential of providing a framework for organizing the various supply chain functions and a mechanism for a systematic approach to solving supply chain problems. Game theory developed by Neumann and Morgenstern (1944), deals with interactive optimization problems. The enterprises of a supply chain share a common goal, to hold a share in a market.

Through cooperative game theory, designing a supply chain or a virtual enterprise by selecting an optimal coalition of partners so that goal is achieved. However, a non-cooperative approach is appropriate in determining the set of equilibrium joints that can be reached in trade conditions (Hennetx and Ardaxx, 2008). Resource based view (Barney, 1991) looks for internal sources of firm's sustained competitive advantage and aims to explain why firms in the same industry might differ in performance. RBV argues that firms are heterogeneous to one another due to possessing some strategic resources and capabilities, on which consequently competitive advantage is acquired (Barney, 1991; Wernerfelt, 1984). Thus, competitive advantage is acquired by accumulating strategic resources and capabilities. The Competence-based Perspective (CBP) explores the development of core competences as a source of competitive advantage, and argues that core competencies of a firm are sources of competitive advantage it assumes that unique resources exist at the supply chain level, and that supply chains can be inimitable competitive weapons.

### Problem Formulation

Effective supply chain management has become a potentially valuable way of securing competitive advantage and improving organizational performance since competition is no longer between organizations, but among supply chains (Suhong *et al.*, 2004). Most researches performed within governance area refer to political or corporate governance (Crişan *et al.*, 2011), without covering the complexity of supply chain governance. As a field of governance, supply chains are complex systems with different structures and power proportions between partners. According Demirbag *et al.* (2007) to SCM competencies increases flexibility generating alternative sourcing for procurement by reducing supply chain risks and also help to reduce delivery lead time as well as increase responsiveness, thus provide competitive advantage to the firm. However, the impact of global competition on the development of supply chain management has been profound. Since the turn of the century, business executives have been interested on how to effectively manage the supply chain processes. They usually face the problems of implementation and the competence required running a global supply chain. Recent studies (Koh *et al.*, 2007; Burgess *et al.*, 2006; Li *et al.*, 2005; Demirbag *et al.*, 2007; Crişan *et al.*, 2011) have linked SCM with performance of firms. However, very few studies have addressed the different entrepreneurial SCM competencies and how they influence organizational performance. Therefore, this study attempt to investigate entrepreneurial supply chain management competencies such as innovation Orientation, Risk-Taking Characteristics and proactiveness Orientation, and their effect on organizational performance among selected medium manufacturing firms in Nairobi County.

The study intended to bridge the gap that exists in supply chain management in organizations by evaluating the entrepreneurial supply chain management competencies on organizational performance. Managers of the firm would benefit from the study if they understood the best competencies they need for their supply chains. This study helped the researcher to realize the importance of selecting the best entrepreneurial supply chain management competencies. It examined the various entrepreneurial supply chain management competencies that are essential for firm to can engage in and how they are going

to influence organizations' performance. It helped to provide insights to support future research regarding strategic guidance for organizations in supply management.

## LITERATURE REVIEW

### The Concept of Organizational Performance

Richard *et al.* (2009) defined organizational performance as comprising the actual output or results of an organization as measured against its intended outputs (or goals and objectives). He mentioned that it is the ability of an organization to fulfill its mission through sound management, strong governance and a persistent rededication to achieving results. Don Hee (2011) on the other hand defined organization performance as the analysis of a company's success compared to its profitability. He added that within corporate organizations, there are three primary dimensions analyzed: financial performance, market performance and shareholder value performance. In some cases, production capacity performance may be analyzed.

### Concept of Supply Chain Management Competencies

Leading firms now see the competence of supply chain management functional leader as the necessary executive to coordinate the end-to-end supply chain process, even though he or she does not control it all. The battle for top supply chain talent must be focused on acquiring people with process expertise, not simply functional competence. The mental shift to supply chain-as-a-process leads inevitably to the shift of the role of the supply chain executive from a functional focus to process focused, and to supply chain leadership becoming part of the executive team

### Link between Innovation Orientation and Organizational Performance

Effective supply chain management has become a potentially valuable way of securing competitive advantage and possessing a major impact on organizational performance both directly along with time-to-market for rapid product innovation (Helper and Sako, 2010). In the light of Chandler's arguments, and theories from organizational economics and engineering, supply chain management innovations are associated with lean production. Outsourcing means more production activities, thus, increasing managerial coordination across multiple firms. Helper and Sako (2010) like Chandler, reflect on the nature of innovation in supply chain management, which includes a rise in mass production and remains highly relevant today Leslie (2006). Researchers in services marketing have been analyzing the customer definition of service quality, satisfaction, loyalty, participation in services delivery, lifetime value, services culture, climate, employee empowerment, hiring, and training services employees, and incentives. All these encompasses innovation in the supply chain which contributes to a performing organization (Harnsen, 2006).

An innovative organization attaches importance to creativeness (originality) and innovation changes, and supports its members to pursue new concepts independently (Gazi *et al.*, 2010). Innovation is a tool of entrepreneurship; and corporate venturing is a pre-requisite for rapid development of organizations in a global economy. The business climate today

is rapidly changing and becoming more competitive in the global marketplace. Today's businesses must operate at a lower cost to compete, develop core competencies, and differentiate from competitors to stand out in the market. In creating the competitive advantage, companies must redirect resources to focus on the firm's expertise and outsource the procedures and tasks that are not important to the company (Sovereign, 2008). Supply chain management innovation orientation allows the company to rethink the entire business and reorganize in an effort to increase the focus on the organizations core competencies and outsource processes not within the core competencies of the company.

*H<sub>01</sub>: Innovation orientation has no significant effect on organizational performance*

### **Risk taking Characteristics and Organizational Performance**

The process of supply chain risk conduction has the characteristic of self-organizing. The dissipation characteristic, cooperation characteristic and coupling characteristic in the process of supply chain risk conduction are discussed in detail based on the self-organization theory, which can help to take precautions against supply chain risk, improve efficiency of supply chain risk management (Hendricks 2004). It seems obvious that firms are now compelled to tackle supply chain risks just as vigorously as they tackle other business risks. However, supply chain risk taking characteristics bring a lot of vigor to the overall firm performance. The greater the amount of traits that an organization possesses, the higher its performance (Macal, 2011). Engel (2011) argues that establishing a governing supply chain council is a risk-taking trait that will contribute to the overall performance of a firm. A governing council's purpose is to give direction and help align supply chain strategy with the company's overall strategy. The council's membership should include the leader of the supply chain organization as well as corporate executives, business unit managers, and other influential company leaders. Ideally, the council should hold regularly scheduled meetings. Nevertheless, even if it does not, its mere existence will indicate that supply chain management has the endorsement and commitment of senior leadership (Bob, 2011).

Engaging in collaborative strategic sourcing is another risk-taking trait in the supply chain that will lead to noticeable productivity and profitability of a firm. Strategic sourcing is a cornerstone of successful supply chain management. Nevertheless, a collaborative strategic sourcing initiative produces even better results. Rather than consider strategic sourcing as just a matter for the purchasing department, organizations get internal "customers" actively involved in the decision-making process. More importantly, they solicit feedback and information regarding their objectives and strategies from those customers, which may include functional areas such as finance and accounting, engineering, operations, maintenance, safety/health/environment, and quality assurance—any internal business unit or function that will contribute to the initiative's success (Engel, 2011). Bogner (2011) identified the ability to establish appropriate levels of control and minimize risk as a trait that cannot be ignored because of its enormous contribution to the performance of a firm. Supply chain management policies and procedures should

follow an appropriate sequence and structure, and it is important to review them frequently (if not constantly) and bring them up to date. Keeping them realistic and easy to understand and follow will help to ensure compliance. It is certainly possible to go too far in establishing policies and procedures, however. That is why high performing companies periodically review their policies and controls to ensure that they are not creating bottlenecks. Their objective is to streamline them without sacrificing the ability of those controls to deter theft, fraud, and other problems.

*H<sub>02</sub>: Risk-Taking characteristics has no significant effect on organizational performance*

### **Proactiveness orientation and organizational performance**

Green *et al.* (2006) also found out that market orientation relates positively and significantly to supply chain management strategy which in turn leads to higher organizational performance. This brings about a lot of marketing strategies that ensure continuous sale of product hence high firm performance. Mentzer (2007) argued that proactive orientation plays a fundamental role in implementing supply chain management and overall organizational performance. Mentzer (2007) further asserted that market orientation improves supply chain management through its proactive orientation. Green *et al.* (2006) revealed that suboptimal organization performance could be due to a weak marketing and proactive orientation.

The success of an organization depends heavily upon the success of the proactiveness of the supply chain in which it participates as a partner. Cai *et al.* (2008) also stated that one of the issues that have become critical for gaining competitive advantages for companies is improving supply chain performance and its orientation. As contemporary firms recognize that they can no longer effectively compete in isolation of their suppliers and other entities in the supply chain, they have shift their attention from competition between firms to competition between the entire supply chains (Hult *et al.*, 2007).

This quality leads to high performance within the organization itself. The individual brokers working within a transportation brokerage firm, must be successful at sales to gain clients, and must be well organized and disciplined "transaction managers" to successfully execute the service that they have just sold (Johnson 2004). Because of the need for specific employee traits, it is vital for a transportation brokerage firm to hire and retain talented employees as its success is determined by the aggregate performance of its brokers through proactive orientation (Lieb and Butner 2006).

*H<sub>03</sub>: Proactiveness orientation has no significant effect on organizational performance*

## **MATERIALS AND METHODS**

Explanatory research design was used in the undertaking in this research. The population of study comprised of 4753 owners/managers of registered manufacturing Enterprise (ME) in Nairobi County. The study used systematic sampling technique to select a sample size of 368 MEs. The study adopted closed and opened questionnaires. The items in the

questionnaire were under five point likert scale. Self-administered questionnaire was used in this study to collect data. Questions on entrepreneurial supply chain competencies was adapted from (Lawson *et al.*, 2009 and Lee *et al.*, 2010) while questions on organizational performance was adapted from Keah Tan, and G. Keong Leong (2011). The variables were tested for reliability by computing the cronbach alpha statistical tests where reliability coefficients around 0.90, was considered excellent, values around 0.80 as very good and values of around 0.70 as adequate (Koul, 2005). Content validity was used to measure extent to which measuring instrument provides adequate coverage of the topic as per the set themes in the study.

**Measurement of variables**

**Dependent Variables**

Organizations performance was measured under five point likert scale using five items, which increased sales turn over, increased profit margins, Increase in the number of employees, improved image and reputation and improved overall performance (Stock, Greis Kasarda, 2000)

**Independent variables**

With regard to entrepreneurial SCM competences, the study measured the extent to which respondents agree or disagree with each statement. The item scales are five-point Likert type scales with 1=none, 2= low, 3= average, 4 = high, 5 = very high. For example, Innovation Orientation was measured using five items which included the level of innovative and leading edge research and development in the firm, the use of the latest technological innovations in new product development, the speed of new product development, the number of new products the firm introduced and the number of new products that are first to market (Eltantawy, 2011).

Risk taking characteristic was proxies of 5 item; sharing of similar beliefs about the future direction of this organization, change and implement a culture of improvement, learning, and innovation in moving toward excellence, opportunity to share in and are encouraged to help the organization implement change, degree of unity of purpose throughout the company and comprehensive and structured planning process which regularly sets and reviews short and long-term goals. The rest of the variables follow the same orders follows as indicated in the appendix (questionnaire).

**Data Analysis and Presentation**

Multiple regressions model was used to determine the hypothesis of supply chain management competencies on organization performance on service delivery and to test the study hypothesis. Regression equation is a function of variables x and β

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \epsilon$$

Where β0 is the intercept, β1...β4 measures the change in Y with respect to X1... X3 holding other factors constant.

Where

Y represents organization performance. X1 represents Innovation Orientation, X2 represent Risk-Taking Characteristics, X3 represents Proactiveness Orientation, E error term

**RESULTS AND DISCUSSION**

**Innovation Orientation**

From the findings, 90.4% (187) of the respondents strongly agreed that innovative and leading edge research and development is pursued in their firm. However, a mean of 1.91 indicated that this was not the case. About the use of the latest technological innovations in new product development, 56.1% (116) of the respondents affirmed that their firms embraced new technology. However, this was not the case as revealed by a mean of 2.29. In addition, 74.9% (155) of the respondents affirmed that the speed of new product development is in check. However, a mean of 2.17 revealed that this was not the case. Finally, the number of new products the firm has introduced were not many as evidenced by a mean of 2.34. However, 56.6% (117) of the respondents were of the contrary opinion.

**Risk-taking characteristics**

Findings in Table 2 revealed that the firm senior executives share similar beliefs about the future direction of this organization as evidenced by 9.7% (20) of the respondents and supported by a mean of 3.7. In relation to whether the firms' senior managers actively encourage change and implement a culture of improvement, learning, and innovation in moving toward excellence, 15% (31) of the respondents affirmed that this was the case.

**Table 1. Innovation Orientation**

|   |           | SA   | N    | SD   | Mean | Std. Deviation | Skewness |
|---|-----------|------|------|------|------|----------------|----------|
| The level of innovative and leading edge research and development pursues in your firm. | Frequency | 187  | 9    | 11   | 1.91 | 0.698          | 1.07     |
|   | Percent   | 90.4 | 4.3  | 5.3  |      |                |          |
| The use of the latest technological innovations in new product development.             | Frequency | 116  | 83   | 8    | 2.29 | 0.81           | -0.145   |
|   | Percent   | 56.1 | 40.1 | 3.9  |      |                |          |
| The speed of new product development.   | Frequency | 155  | 50   | 2    | 2.17 | 0.587          | 0.24     |
|   | Percent   | 74.9 | 24.2 | 1    |      |                |          |
| The number of new products the firm has introduced                                      | Frequency | 117  | 48   | 42   | 2.34 | 1.107          | 0.197    |
|   | Percent   | 56.6 | 23.2 | 20.3 |      |                |          |

Table 2. Risk-Taking Characteristics

|  |           | SA   | N    | SD    | Mean | Std. Deviation | Skewness |
|--|-----------|------|------|-------|------|----------------|----------|
| The firm senior executives share similar beliefs about the future direction of this organization.  | Frequency | 20   | 35   | 152   | 3.7  | 0.723          | -1.019   |
|  | Percent   | 9.7  | 16.9 | 73.4  |      |                |          |
| The firms' senior managers actively encourage change and implement a culture of improvement, learning, and innovation in moving toward excellence. | Frequency | 31   | 75   | 101   | 3.29 | 0.855          | -1.066   |
|  | Percent   | 15   | 36.2 | 48.8  |      |                |          |
| Firm Employees have the opportunity to share in and are encouraged to help the organization implement change.                                      | Frequency | 119  | 80   | 215   | 3.37 | 0.705          | 0.002    |
|  | Percent   | 57.5 | 38.6 | 103.9 |      |                |          |
| There is a high degree of unity in the form of purpose throughout the company, without barriers between individuals and/or departments.            | Frequency | 96   | 68   | 43    | 2.78 | 0.853          | 0.776    |
|  | Percent   | 46.4 | 32.9 | 20.8  |      |                |          |
| There is a comprehensive and structured planning process in the firm which regularly sets and reviews short and long-term goals                    | Frequency | 117  | 48   | 42    | 2.34 | 1.107          | 0.197    |
|  | Percent   | 56.6 | 23.2 | 20.3  |      |                |          |

However, a mean of 3.29 showed that respondents were neutral. In addition, 57.5% (119) respondents affirmed that firm employees have the opportunity to share in and are encouraged to help the organization implement change. In general, a mean of 3.37 showed that respondents were impartial on the matter. Only 46.4% (96) of the respondents agreed that there is a high degree of unity throughout the company, without barriers between individuals and/or departments. However, a mean of 2.78 showed that the respondents were impartial. Finally, there is a comprehensive and structured planning process in the firm, which regularly sets and reviews short and long-term goals as agreed by 56.6% (117) of the respondents. However, a mean of 2.34 showed that this was not the case.

**Proactiveness**

Findings in Table 3 showed that 23.2% (48) of the respondents strongly agreed that their company always stays on the leading edge of new technology in the industry and this was supported by a mean of 3.54. However, only 60.9% (126) of the respondents strongly agreed that they anticipate the full potential of new practices and technologies whereas a mean of 2.61 showed that respondents were impartial. In addition, 32.9% (68) of the respondents affirmed that they proactively pursue long-range programs to acquire technological capabilities. However, a mean of 3.34 showed that the respondents were neutral. Additionally, respondents constantly explore and attempt to acquire next generation technology (mean=3.11). This was strongly supported by 35.3% (73) of the respondents. Finally, 34.3% (71) of the respondents agreed that they research and pursue truly innovative and leading edge research. Nonetheless, a mean of 3.17 showed that they were generally impartial.

Table 3. Proactiveness

|   |           | SA   | N    | SD   | Mean | Std. Deviation | Skewness |
|---|-----------|------|------|------|------|----------------|----------|
| Our company always stays on the leading edge of new technology in our industry  | Frequency | 48   | 35   | 124  | 3.54 | 1.173          | -0.507   |
|   | Percent   | 23.2 | 16.9 | 59.9 |      |                |          |
| We anticipate the full potential of new practices and technologies              | Frequency | 126  | 36   | 45   | 2.61 | 0.938          | 0.856    |
|   | Percent   | 60.9 | 17.4 | 21.8 |      |                |          |
| We proactively pursue long-range programs to acquire technological capabilities | Frequency | 68   | 54   | 85   | 3.34 | 1.183          | 0.259    |
|   | Percent   | 32.9 | 26.1 | 41.1 |      |                |          |
| We constantly explore and attempt to acquire next generation technology         | Frequency | 73   | 29   | 105  | 3.11 | 1.014          | -0.498   |
|   | Percent   | 35.3 | 14   | 50.7 |      |                |          |
| Our research and development pursues truly innovative and leading edge research | Frequency | 71   | 26   | 110  | 3.17 | 1.026          | -0.427   |
|   | Percent   | 34.3 | 12.6 | 53.2 |      |                |          |

**Organizational Performance**

Research findings in Table 4 showed that in the past three years or since its inception relative to other firms, their firm has experienced increased sales turn over (mean=3.9). However, only 26.1% (54) of the respondents affirmed that there has been increased profit margins. Nonetheless, mean of 3.01 showed that this was not the case. In addition, 74.9% (155) of the respondents disagreed that there has been an increase in the number of employees. However, a mean of 3.78 shows those respondents were in agreement with this assertion. Additionally, 41% (85) of the respondents affirmed that there has been improved image and reputation as supported by a mean of 3.69. Finally, 41.1% (85) of the respondents were impartial on whether there has been improved performance as affirmed by a mean of 3.2.

**Correlation Statistics**

Pearson Correlations results in Table 6 showed that innovation orientation was positively and significantly correlated to organizational performance (r=0.282, p<0.01). Thus, innovation orientation had 28.2% positive relationship with organizational performance. Risk-taking was the second component to be positively related with organizational performance (r = 0.502, p<0.01) an indication that risk-taking had 50.2% significant positive relationship with organizational performance. Proactiveness orientation was also positively and significantly associated with organizational performance as shown by r = 0.453, p<0.01 implying that Proactiveness orientation relationship had 45.3% positive relationship with organizational performance.

Table 4. Organizational Performance

| In the past three years or since its inception relative to other firms my firm has experienced |           | SA   | N    | GD   | Mean | Std. Deviation |
|--|-----------|------|------|------|------|----------------|
| Increased sales turn over  | Frequency | 14   | 27   | 166  | 3.9  | 0.937          |
|  | Percent   | 6.7  | 13   | 80.2 |      |                |
| Increased profit margins   | Frequency | 54   | 93   | 60   | 3.01 | 0.911          |
|  | Percent   | 26.1 | 44.9 | 29   |      |                |
| Increase in the number of employees  | Frequency | 58   | 66   | 83   | 3    | 1.031          |
|  | Percent   | 16.9 | 8.2  | 74.9 |      |                |
| Improved image and reputation  | Frequency | 85   | 29   | 93   | 3.69 | 1.012          |
|  | Percent   | 41   | 14   | 44.9 |      |                |
| Improved overall performance   | Frequency | 38   | 85   | 84   | 3.2  | 0.902          |
|  | Percent   | 18.3 | 41.1 | 40.6 |      |                |

Table 6. Correlation Statistics

|                           | organizational performance | Innovation orientation | Risk-taking | Proactiveness orientation |
|---------------------------|----------------------------|------------------------|-------------|---------------------------|
| Performance               | 1                          |                        |             |                           |
| Innovation orientation    | .496**                     | 1                      |             |                           |
| Risk-taking               | .605**                     | .505**                 | 1           |                           |
| Proactiveness orientation | .545**                     | .483**                 | .574**      | 1                         |

\*\* Correlation is significant at the 0.01 level (2-tailed).

Table 7. multiple Regression Results

|                           | Unstandardized Coefficients |            | Standardized Coefficients |        |       | Collinearity Statistics |       |
|---------------------------|-----------------------------|------------|---------------------------|--------|-------|-------------------------|-------|
|                           | B                           | Std. Error | Beta                      | t      | Sig.  | Tolerance               | VIF   |
| (Constant)                | -0.438                      | 0.271      |                           | -1.615 | 0.108 |                         |       |
| Innovation orientation    | 0.181                       | 0.074      | 0.153                     | 2.456  | 0.015 | 0.666                   | 1.502 |
| Risk-taking               | 0.261                       | 0.063      | 0.29                      | 4.119  | 0     | 0.518                   | 1.929 |
| Proactiveness orientation | 0.16                        | 0.06       | 0.181                     | 2.658  | 0.008 | 0.557                   | 1.796 |
| R Square                  | 0.484                       |            |                           |        |       |                         |       |
| Adjusted R Square         | 0.471                       |            |                           |        |       |                         |       |
| Durbin-Watson             | 1.774                       |            |                           |        |       |                         |       |
| F                         | 37.691                      |            |                           |        |       |                         |       |
| Sig.                      | .000                        |            |                           |        |       |                         |       |

a Dependent Variable: performance

## Hypothesis Testing

Table 7 illustrates the model summary of multiple regression model, the results showed that all the four predictors (innovation orientation, Proactiveness orientation, risk-taking, coordination capability, and relational capital) explained 78.4 percent variation of organizational performance. This showed that considering the five study independent variables, there is a probability of predicting organizational performance by 78.4% (R squared =0.784). Study findings in ANOVA Table 7 indicated that the above-discussed coefficient of determination was significant as evidence of F ratio of 183.718 with p value 0.000 <0.05 (level of significance).

Thus, the model was fit to predict organizational performance using relational capital, innovation orientation, Proactiveness orientation, coordination capability, and risk-taking. Hypothesis ( $H_{01}$ ) revealed that there is no relationship between innovation orientation and organizational performance. Findings showed that innovation orientation had coefficients of estimate which was significant basing on  $\beta_1 = 0.134$  (p-value = 0.008 which is less than  $\alpha = 0.05$ ) implying that we reject the null hypothesis stating that there is no significant relationship between innovation orientation and organizational performance. hence, innovation orientation was positively associated with organizational performance.

Therefore, the findings are in agreement with Helper and Sako, (2010) asserting that, in order to secure competitive advantage, it would be necessary to embrace effective supply chain management so as to have a major impact on organizational performance both directly along with time-to-market for rapid product innovation. Further, Helper and Sako (2010) affirmed that innovation in supply chain management leads to a rise in mass production and remains highly relevant today. Additionally, it is also evident that supply chain innovate on orientation is important for companies of all sizes. If a company applies its assets, operating resources and develops new ways of satisfying its customers to the fullest, high performance would be noted in such an organization, Leslie (2006). According to Harnsen, (2006), researchers in services marketing have realized that innovation strategies particularly service quality, satisfaction, loyalty, participation in services delivery, lifetime value, services culture, climate, employee empowerment, hiring, and training services employees, and incentives contributes to a performing organization. The above assertion is in agreement with the research findings that innovation orientation contributes to organizational performance. On a similar note, in order for a corporate to face more challenges and adapt to more changes it has practice innovation.

Hypothesis ( $H_{02}$ ) stated that there is no relationship between risk-taking and organizational performance. Findings showed that risk-taking had coefficients of estimate which was significant basing on  $\beta_2 = 0.137$  ( $p$ -value = 0.013 which is less than  $\alpha = 0.05$ ) which indicates that we reject the null hypothesis stating that there is no significant relationship between risk-taking and organizational performance is evident from the research findings that supply chain risk taking characteristics bring a lot of vigor to the overall firm performance. For instance, the greater the amount of traits that an organization possesses, the higher its performance. According to Engel (2011), establishing a governing supply chain council is a risk-taking trait that will contribute to the overall performance of a firm.

Further findings reveal that engaging in collaborative strategic sourcing is another risk-taking trait in the supply chain that will lead to noticeable productivity and profitability of a firm. Engel, (2011) affirms that active involvement of customers in the decision making process will enhance relay of feedback information regarding their strategies and objectives from those customers hence enhancing success in the organization. According to Bogner (2011), it is necessary to establish appropriate levels of control and minimize risk as a trait that cannot be ignored because of its enormous contribution to the performance of a firm. That is why high performing companies periodically review their policies and controls to ensure that they are not creating bottlenecks.

They are therefore able to streamline the policies and controls without sacrificing the ability of those controls to deter theft, fraud, and other problems. Hypothesis ( $H_{03}$ ) postulated that there is no relationship between Proactiveness orientation and organizational performance. Findings showed that Proactiveness orientation had coefficients of estimate which was significant basing on  $\beta_3 = 0.474$  ( $p$ -value = 0.000 which is less than  $\alpha = 0.05$ ) implying that we reject the null hypothesis stating that there is no significant relationship between Proactiveness orientation and organizational performance. The findings are therefore in agreement with Mentzer *et al.* (2008) that that supplier management and customer relationship strategy, which are consistent with proactive orientation, have a positive impact on organizational performance.

Further findings show a positive relationship between proactive market orientation and supply chain management strategy together with organizational performance Tukamuhabwa *et al.*, (2011). Additionally, Mentzer (2007) further asserted that market orientation improves supply chain management through its proactive orientation. On top of that, Green (2006) and Mason (2004) argue that effective supply chain management involves a marketing orientation and cost reduction, which improves the firm's financial performance. Similarly, Jeong and Hong (2007) also stated that higher levels of customer-oriented supply chain practices would have a positive impact on customer-oriented organizational performance outcomes. It is therefore clear that the success of an organization depends heavily upon the success of the Proactiveness of the supply chain in which it participates as a partner (Zelbst *et al.*, 2009). The rule of thumb was applied in the interpretation of the variance inflation factor. From Table 4.13, the VIF for all the estimated parameters was found to be less than four, which indicate the absence of multi-collinearity among the

independent factors. This implies that the variation contributed by each of the independent factors was significant independently and all the factors should be included in the prediction model.

### Conclusion

Risk-taking characteristics has been proved to have a positive effect on organizational performance. Supply chain risk taking characteristics bring a lot of vigor to the overall firm performance. Specifically, the greater the amount of traits that an organization possesses, the higher its performance. Further findings reveal that Proactiveness is another risk taking characteristic that leads to high organization performance. For instance, the probability of occurrence of supply chain disruptions needs proactive people that will manage these risks hence bring about greater success of the firm.

Proactiveness has also been proved to have a positive effect on organizational performance. In result, we can say that a positive relationship between proactive market orientation and supply chain management strategy together with organizational performance exists. In addition, market orientation improves supply chain management through its proactive orientation.

### Recommendation

From the study findings, it was conceived that innovation orientation has an impact on organizational performance. There is therefore need for firms to use the latest technological innovations in new product development. Further, the speed of new product development should be hastened and the number of new products that are first to market should be increased in order to enhance organizational performance. The study also finds a strong support for the argument that risk-taking characteristics affects organizational performance. Therefore, the firms' senior executives should share similar beliefs about the future direction of the organization. Additionally, the firms' senior managers should also actively encourage change and implement a culture of improvement, learning, and innovation in moving toward excellence. There should also be a comprehensive and structured planning process in the firm, which regularly sets and reviews short and long-term goals.

The study also revealed that Proactiveness orientation has a significant effect on organizational performance. Therefore, organizations should pursue long-range programs to acquire technological capabilities. Further, firms should constantly explore and attempt to acquire next generation technology. Finally, there should be research and development for innovative and leading organizational practices in order to enhance performance. This study main objective is to investigate the effect of entrepreneurial supply chain management competencies on organizational performance. From the study findings, the findings were only limited to entrepreneurial supply chain management competencies. Thus, more research and studies should be carried out to determine other factors that affect organizational performance other than the ones mentioned. Some of the factors can be those in human capital and spread of technology. This would enable the researchers and concerned parties to mitigate effects of such factors hence enhance organizational performance.



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