

EFFECT OF LEADERSHIP COMMITMENT ON PERFORMANCE OF DISTRIBUTION FIRMS IN NAIROBI, KENYA

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Abstract: *In order for TQM implementation to succeed within an organization, there is need for top leadership commitment. The recognition of need for continuous improvement, meeting customers' immediate needs, ensuring competitiveness and efficiency of operations in the ever-changing global business has led to greater focus on supply chain management performance, hence the need to merge both strategic initiatives, downstream and upstream processes so as to achieve business excellence. Although SCM concept has been the main area of focus in the recent past, how it relates with leadership commitment has been limited. The general objective of this study was to analyze the effect of Total Quality Management adoption on performance of distribution firms in Nairobi – Kenya, with a focus on leadership commitment.*

Findings: *Research findings indicate that leadership commitment positively influences SC performance. The main leadership commitment attributes that influence distribution firm's performance include: "encouraging heads of the various departments to embrace and get committed to quality improvement processes, setting of a strategic direction that is clear for shaping the firm's future and placing emphasis on a goal setting process that is comprehensive enough for ensuring quality within the firm.*

Keywords: *distributions firms, total quality management, leadership commitment*

1. Performance of Distributions firms in Kenya

The Kenyan economy, to a large extent, depends on logistics and transport industry, whose point of focus is Mombasa Port, which calls for promotion, improvement and ensuring sustainability of effective and affordable systems of transport for purposes of ensuring smooth operations. (Northern Corridor Transport Improvement Project, Ministry of Roads Kenya). Despite the fact that logistics and transport play an important role in the economy, it exerts a lot of pressure on infrastructure that is in existence. Majority of the countries in Africa, Kenya include, are characterized by underdeveloped infrastructure, and any efforts to grow the economy leads to substantial pressure on the existing man-made and natural infrastructure (Netherlands-African Business Council, 2014).

Though it is the main Port in Kenya, Nairobi Port experiences heavy congestion and constraints in capacity, leading to delays. Ruske and Kauschke (2013) noted that such bottlenecks as inefficient procedures and ineffective management at the Port negatively affect operations of the logistics and transport firms. The proposed expansion of the Port of Mombasa, to include a third container terminal and new developments for gas and oil docks calls for the need for increased storage capacity, finding solutions to logistical challenges, and IT-based solutions among others. (Tseng &Yue, 2005; Tilanus, 1997).

2. Leadership Commitment

In order for TQM implementation to succeed within an organization, there is need for top leadership commitment. (Mutunga, 2013). Goodall (2009) observed that the top leadership take responsibility for provision of the organization's vision so as to create a change of culture, putting into consideration such key factors as organization's history, reputation, age and resources.

Employees' development in a QMS is heavily dependent on support from the top leadership, establishing of a multiple-point communication system among the external and internal customers and facilitation of effective and efficient use of communication. In addition, it is the responsibility of the top leadership to encourage and empower employees to take an active role in decision-making. (Goetsch & Davis, 2010).

Findings from previous researches indicate that effective leadership is key to enhancing performance in the following areas: inventory, customers, financial, social responsibility, innovation, and employees. (Parast & Adams, 2012; Phan *et al*, 2011). Mail *et al* (2004) concluded that leadership effectiveness has a significant positive influence on an organization's culture, commitment and internal quality audits.

Total Quality Management integrates principles and practices that aim at improving services and goods quality through continuously meeting and exceeding customer needs in a competitive way. (Gunasekaran & McGaughey, 2013). Tutuncu and Kucukusta (2018), observed that on the other hand, supply chain management is an approach that is utilized to improve organizational performance in a competitive way by integrating internal functions with external operations of suppliers, customers and other members of the supply chain, hence leading to transformations in the structure of the firm. Supply chain management focuses on coordination and configuration of processes that are key in developing products on a timely basis, and can be able to be reproduced in a satisfactory condition. (Forker *et al.*, 2017).

3. Statement of the problem

The ultimate goal for firms as directed by the resource-advantage theory is superior financial performance, which can only be attained by achieving a competitive advantage in the marketplace. To stay ahead in the current global marketplace, logistics firms must constantly look for innovative strategies to improve their competitiveness (Shamsi & Syed, 2015). The primary concern of many organizations is the systematic utilization of logistics competence in order to sustain their lead upon competitors.

Similarly, to gain competitive power, organizations use logistics capability strategically and meet customer expectations consistently. Logistics market competition has forced firms to incorporate modern technology into their key offerings to discerning customers who might have or might not have service loyalty. It is important to keep up with customer demand, otherwise, the firms risk losing out to competitors with logistics innovation and technology (Bitner *et al.*, 2000).

Oakland (2005) opined that although SCM concept has been the main area of focus in the recent past, how it relates with leadership commitment has been limited.

4. Research Methodology

A descriptive survey design was utilized in undertaking the study. Employing stratified sampling technique, a sample size of 120 employees of selected distribution firms in Nairobi County was selected for participation in the research. Primary data was collected aided by semi-structured questionnaires. Cronbach's Alpha reliability coefficient, α , was used for the internal reliability test. Analysis of the data was undertaken using descriptive and inferential statistics.

5. Descriptive Findings

The key attributes associated with leadership commitment that influence distribution firms’ performance include: “ soliciting support and commitment of departmental heads in processes of quality improvement”, (mean score = 2.22); “ a clear strategic direction for the future of the firm is established”, (mean score = 2.19); and “ enhance comprehensive goal-setting processes for purposes of improving on quality”, (mean score = 2.16) as tabulated in table to table 1 below.

Table 1: Leadership commitment attributes

Statements/attributes related to leadership commitment and firm performance	Agree (%)	Strongly Agree (%)	Mean	Standard deviation
Soliciting support and commitment of departmental heads in processes of quality improvement	36.4	32.7	2.22	1.283
A clear strategic direction for the future of the firm is established	33.6	38.3	2.19	1.304
Enhance comprehensive goal-setting processes for purposes of improving on quality	37.4	34.6	2.16	1.245
Ensure availability of adequate resources across departments	36.7	36.6	2.11	1.168
The firm’s long-term quality improvement processes receive support from the top management	34.6	40.2	2.09	1.233
Management of quality in the firm is spearheaded by the top management	42.1	35.4	1.97	1.094
Effective communication to all firm stakeholders for purposes of awareness creation, drawing desire and interest and hence action on quality management by the entire staff	37.4	43.9	1.95	1.050
Employees’ contribution to the firm is not only encouraged, but also recognized by the firm’s top management	39.4	42.7	1.95	1.050
Enhance employees’ commitment to quality culture and internal audits	34.6	38.3	2.17	1.217

n = 107

6. Performance of distribution firms in Kenya

The main attributes associated with distribution firms’ performance include: “ the firm is able to customize products to meet customers’ specifications”, (mean score = 2.43); “ purchase - order - cycle – times are efficient”, (mean score = 2.42); and “ defects form a relatively low proportion in the firm’s products/service offerings”, (mean score = 2.31) as indicated in the table 2 below.

Table 2: Statements /attributes related to distribution firms’ performance

Statements /attributes related to distribution firms’ performance	Strongly Agree (%)	Agree (%)	Mean	Standard deviation
The firm is able to customize products to meet customers’ specifications	27.1	36.4	2.43	1.297
Purchase - order - cycle – times are efficient	23.4	40.2	2.42	1.206
Defects form a relatively low proportion in the firm’s products/service offerings	27.5	39.7	2.31	1.216
The proportion of finished goods in transit form a relatively high percentage	29.9	37.4	2.32	1.256
The firm is flexible in responding to customer needs	33.6	45.8	2.01	1.042

n = 107

Finally, the study participants were asked to rate their respective firms’ performance along a five-point scale. The findings indicate that slightly more than half (52.3%) of the respondents stated that their firms’ performance was high, (30%) reported that their firms’ performance was very high, while only (9.8%) provided the response “very low”. The findings are summarized and presented in figure 1 below.

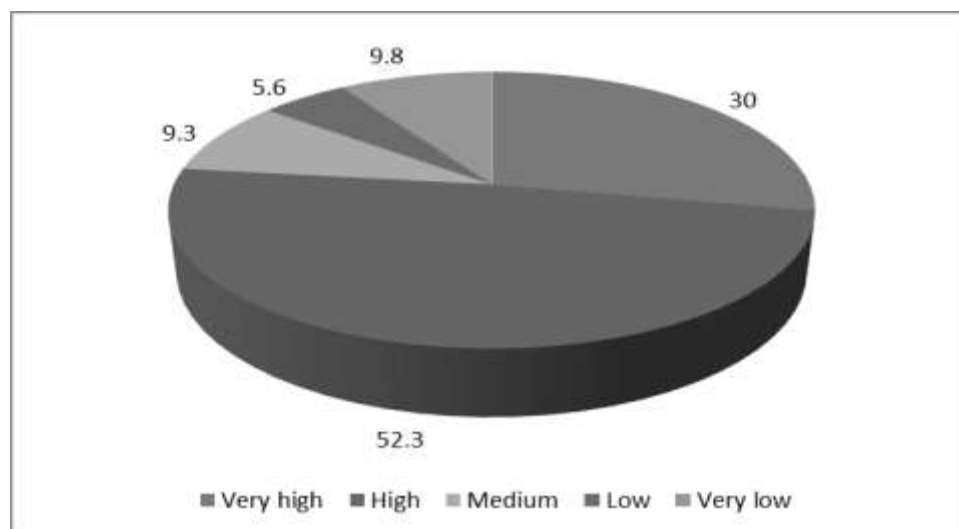


Figure 1: Respondents’ rating of their firms

Regression Results

Correlation analysis establishes the relationship among study variables (Pallant, 2010). Correlation values of independent variables that are not close to 1 or -1 are desirable and indicates that the factors are sufficiently different measures of separate variables (Farndale, Hope-Hailey & Kelliher, 2010). The study showed the correlation between study variables, there was a statistically insignificant weak positive correlation between supply chain performance and leadership commitment ($r = 0.119$, $p = .662$) as indicated by table 3 below.

Table 3: Correlation Table

			Supply Chain Performance	Leadership Commitment
Supply Performance	Chain	Pearson Correlation	1	.119
		Sig. (2-tailed)		.662
		N	16	16
Leadership Commitment		Pearson Correlation	.119	1
		Sig. (2-tailed)	.662	
		N	16	16

7. Summary

Research findings indicate that leadership commitment positively influences SC performance. The main leadership commitment attributes that influence distribution firm’s performance include: “encouraging heads of the various departments to embrace and get committed to quality improvement processes, setting of a strategic direction that is clear for shaping the firm’s future and placing emphasis on a goal setting process that is comprehensive enough for ensuring quality within the firm. The regression results reveal that a unit change in leadership commitment would result in change in firms’ performance.

The research findings reveal that the main leadership commitment attributes that influence distribution firms’ performance are: soliciting support and commitment of departmental heads in processes of quality improvement; a clear strategic direction for the future of the firm is established; and enhance comprehensive goal-setting processes for purposes of improving on quality.

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