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Sustainability Of Retail Chains In Kenya : A Case Of Tesia And Khetias Supermarkets

Nyapala Joseph

Abstract
Sustainability Of Retail Industry Is Of Great Importance And A Necessity To Any Nation's Economy. Retail Outlets Have A Persistent Challenge In Establishing The Right Mix Between Demand And Supply And They Have Thus Turned To Technological Systems So As To Achieve A Balance Between Responsiveness And Efficiency. The Main Objective Of This Study Was To Investigate The Factors Influencing Sustainability Of Retail Stores In Kenya. The Study Was Guided By The Following Objectives; To Determine The Influence Of Management Factors On Sustainability Of Retail Stores In Kenya; To Establish The Influence Of Technological Systems On Sustainability Of Retail Stores In Kenya And To Examine The Influence Of Customer Satisfaction On Sustainability Of Retail Stores In Kenya. The Study Was Guided By A Number Of Theories Including; The Theory Of Assimilation, Dynamic Based Capability Theory, Strategic Choice Theories And The Resource-Based Theory. The Study Adopted A Descriptive Research Design.

Keywords: *Retail Chains, Sustainability, Performance Outcome*

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I. Background

The ever-changing customer needs, unrelenting financial reporting needs, and competitive cost pressures require firms to rapidly adjust, redesign, and adapt their processes as well as capabilities. In today's critical business environment, ability to sense, shape, and respond to changing customer needs, upcoming business opportunities, and unprecedented threats are seen as a critical business capability (Bske & Seuring, 2017). Additionally, dealing with challenges mostly associated with the growth of data volumes, organizational realignments like mergers, acquisitions, spin-offs, and outsourcing decisions need continuous unbundling and re-bundling of business processes. Therefore, agility is defined as the ease and speed with which firms can reconfigure, redesign, and realign their processes to respond to the needs at hand, threats, and opportunities which has become an essential capability for business organizations in this current era.

The retail department is going through a critical period of upheaval. For instance the changing consumer taste & preference, increased online markets and dynamic economic conditions are reported to be altering the way retailers operate and relate with their customers. The corona-virus pandemic has added to these challenges accelerating trends such as increased online shopping and adding economic challenges through lockdown restrictions. According to the American Sustainable Business Council, sustainability is more than just an environmental issue. It involves developing an economy that is based on triple bottom-line values: people, profit, and planet. The retail industry will be forced to develop policies that embrace the values in a way the retail industry does its business. Retailers are currently seeking ways to use to improve their policies, strategies and practices that are responding to consumers' demands in addition to meeting stakeholders needs while protecting, sustaining and enhancing the human and natural resources for posterity (Chikankova and Mont, 2018)

According to Dhotre (2010), a retail store is a place of business usually owned and operated by a retailer but sometimes owned and operated by a manufacturer or by someone other than a retailer in which merchandise is sold primarily to ultimate consumers. The authors assert that it is the sale of goods and services to consumers, in contrast to wholesaling, which is sale to business or institutional customers. For example, it purchases goods in large quantities from manufacturers, directly or through a wholesaler, and then sells in smaller quantities to consumers to make a profit. Retailers are known to be the final link in the supply chain from producers to consumers who are the end-users (Fermie, Fermie and Moore, 2018). In most cases, the retail sector is made up of shops, departmental stores, supermarkets, market stalls, door-to-door sales people and internet retailers. Related sectors include the wholesale sector (which supplies retailers), the logistics sector (which connects wholesalers and producers with retailers), and the manufacturing sector (which produces the products sold by retailers). Some retailers may sell to business customers, and such sales are termed non-retail activity. However, it is important to note that the retail industry is broader than just normal sales. The statistics in this briefing represent the whole retail sector including shopping centers, retail parks and online sales. In places, legal definitions of retail specify that at least 80 percent of sales activity must be to end-users.

Retail chains have various means of influencing social and environmental sustainability. For example, they can improve the sustainability of their products and processes, such as their transports, packaging, inventory management, warehousing and assortment. Furthermore, retail stores can influence the behavior of their supply chain partners, competitors and their customers (Irungu and Wanjau, 2017). Also, the retail chains can address sustainability issues by offering more sustainable products, implementing more sustainable business processes and motivating customers to behave more sustainably. Therefore, retail chains should behave responsibly to maintain their license to operate while at the same time supporting their customers, shareholders, stakeholders and the government in behaving more responsibly through initiating corporate social responsibilities.

In April 2014, Wal-Mart supermarket top management communicated that it had an inventory management problem. The company lost $3 billion in 2013 sales due to out of stock merchandise while its inventory grew at a faster rate than its sales. Wal-Mart acknowledged factors such as poor weather conditions, higher tax rates, and low buying power among their clients as its major draw backs, the problems that arose as a result of inventory indeed propagated to low earnings for the period ending 30th April 2014 (Kotler & Armstrong, 2012). Waal-mart employees acknowledged that the back store rooms were out of control and that poor procedures and few hours allocated to manage the stores made it impossible to find inventory when needed. Wal-Mart wishes to solve these problems by adding payroll hours in order to manage the store rooms effectively while technology aspect has the capability of helping the company control what is in the backyard much better. Wal-Mart is among the early adopters of technology. It is surprisingly they have not reconsidered technology as the way to go in terms of inventory management (Lehner, 2019). Wal-Mart problems in so far as inventory management is concerned started because of issues like some orders for products were done at store level while other products were ordered by employees at their home office. Always, directives were not communicated to the store concerning fresh orders, therefore the uncaring employees dumped them in the backroom where they were left unattended to (Mwebi, 2020).

At the onset of the Covid-19 pandemic in March 2020, retail sales fell dramatically as lockdown restrictions closed non-essential retail stores. Retail sales as a whole recovered to pre-pandemic levels by June 2020 before falling slightly again as non-essential retail closed over the winter. Sales recovered strongly in April 2021 with the reopening of nonessential retail. Different types of retail stores have had very different experiences during the pandemic, with sales in clothing stores and fuel seeing the most significant falls during 2020. Internet sales have been rising since 2008 reaching around 20% of all retail sales in Great Britain in 2019. Online sales rose sharply at the onset of the pandemic as physical stores were closed and have remained over 28% of all sales since. In the year 2020, the Centre for Retail reported of the increased store closures as 54 retail companies with multiple stores ceased trading, affecting more than 5,200 stores and many jobs were lost according to. This is the highest number of store closures since 2008 and 2009 following the financial crisis.

Retail chains should behave more sustainably in their business processes, strategies and practices that involve among others the selection of suppliers, supply chain management and sales processes. An emerging trend is the so-called sustainable store. IKEA, for example, follows the strategy that each new store should be more sustainable than the last one built. This refers not only to building materials, waste management and energy efficiency, but also to social issues (Mwebi, 2020). According to Youn et.Al, (2020), the retail chains should do an analysis of how there sustainability initiatives should be communicated and how they influence the retailer’s image. Furthermore, the analysis should indicate whether and under which conditions such initiatives pay off. Achieng, Paul and Mbura (2018) asserted that some customers attribute low prices at retailers to an exploitation of suppliers and employees, resulting in negative store perceptions, loss of loyalty, emotions and shopping intentions.

In 2017, Statistica.com found out that 55% of UK population felt that the sustainability of clothing industry was important while in the same year a survey by Unilever found that only 33% of consumers were choosing brands they believed were socially or environmentally conscious. These results reflected Unilever’s own performance data, which found their most successful brands were those integrating sustainability into their purpose and products, accounting for almost half the company’s global growth in 2015. Given these figures, it’s probably no surprise that Unilever believes sustainability isn’t just a ‘nice-to-have’, but an ‘imperative’. Therefore the retail sector should aim and commit to protecting the environment and supporting fair working practices, for their employees and across their supply chains to be able to thrive and realize profits. This is because todays customer whom mostly are final consumers are majorly interested in products origin and what companies are doing to protect their staff, thus, no business aiming for success can afford to not make itself more sustainable in today’s highly competitive market.

The retail industry, specifically focusing on wholesale and retail, contributes up to 30% of the employment in formal and informal establishments in Kenya. However, the industry has of late faced challenges. Kenya's retail industry has in the recent past experienced fluctuations in performance. A report by Agrawal and Smith (2019) indicated that despite the potential in the industry, regional retail malls are able to yield up to only 11.7% returns. Similar statistics are reported by Asad et.Al, (2019) that the market share rate of retail chains is still low at a figure between 25% - 30%. Uchumi supermarket has experienced frequent stock outs, poor management, and performance challenges (Azher & Danish, 2019). Tusky's Supermarket has often experienced operational inconsistencies (Altunisk et.Al, 2021).

More recently, one of the biggest supermarkets that has dominated the Kenyan market for more than 10 years, Nakumatt, collapsed with debts estimated to be upwards of Sh15 billion. Some of the reasons cited for the failure were poor supplier relationship management that led to high debts on the suppliers, poor management of the many outlets, family feuds due to death of founders, inventory problems among others. In western region Tesia group of supermarkets, a giant retail outlet that was thriving tumbled to a single outlet that was the main initial chain situated in Busia. Their operations were affected by the inflation rates in the economy, frequent power cuts, high wage bill, and many debts from financial institutions (Amit & Kameshvari, 2020). These negative trends in performance of the retail chains are linked to structural inefficiencies in the supply chains as suggested by firm-level analysis based on data from the Census of Industrial Production and the World Bank's Enterprise Survey.

Berman and Evans (2019), argued that one of the critical challenges facing the retail chains is the inventory practices and argues that inventory management is an area which requires increased attention because inventories account for more than 70 percent of the total costs of retail chains. Lenher (2019) also agrees that successful inventory management minimizes inventory, lowers cost and improves profitability. With the fluctuations in the performance of retail chains which are attributed to inventory control, there was a need to conduct a study linking inventory control to the performance of the retail chains. Mwebi (2020) examined the role of inventory management on the customer satisfaction and established that most firms in Kenya have poor management of inventory systems, which negatively affects the firm's ability to satisfy their customers. Irungu and Wanjau (2017) also explored the effects of inventory management on profitability of the cement manufacturing firms. The study established a negative relation between inventory turnover, conversion period of the inventory and storage cost with firms profitability.

Statement of the Problem

Sustainability of retail outlets is of paramount importance to world economy as well as the Kenyan economy as they ensure availability of goods to the general public as and when it is needed therefore fulfilling time, place, and possession and form utility (Dhotre, 2010). While many efforts are underway within the retail industry to enhance performance, more efforts are needed and new and innovative ways of addressing sustainability need to be developed. A continued emphasis on sustainability by the retail industry and the sharing of new ideas will go a long way to address consumers' concerns over environmental changes and sustaining the globe for future generations. The dynamisms in the environment, managerial factors, technological advancement, changing customer lifestyles, death of directors and covid-19 pandemic all have played a major role in decline and at the same time growth in the retail sector.

The retail sector in Kenya, especially the wholesale and retail, contributes up to 30% of the employment in formal and informal establishments. However, the sector has of late faced a lot of challenges among them fluctuations in performance leading to loses and even insolvency. A report by Asad et.Al, (2019) indicated that despite the potential in the industry, regional retail malls are able to yield up to only 11.7% returns. Similar statistics are reported by African Consumer Insights report (2016) that the market share of retail chains is still low at a figure between 25% - 30%. Uchumi supermarket experienced frequent stock outs and performance challenges leading to closure of all outlets in Tanzania, Uganda and Kenya (Berman & Evans, 2019). Nakumatt, collapsed with debts estimated to be upwards of Sh15 billion mostly due to poor supplier relationship management. Tusky's Supermarket experienced operational inconsistencies due to high rent debts, supplier debts, money laundering claims, theft cases and inventory management (Amir & Kameshvari, 2020). Tesia supermarket a house hold name among the western region ran to insolvency due to poor management, craft cases, high debts from landlords and suppliers, stiff market competition and the covid-19 pandemic challenges (Azher & Danish, 2019). World Bank's Enterprise Survey (2014), links these negative trends in performance of the retail chains to structural inefficiencies, technological innovations, poor strategies and environmental factors.

Agrawal and Smith (2019) argued that successful inventory management minimizes costs and improves profitability. Improper quantities ordered occasionally leads to unexpected situations of stock out and overstocking (Asad et.Al, 2019).

With the fluctuations in the performance of retail chains which are attributed to inventory control issues, technological advancements, customer satisfaction, and retail environmental issues, there was a need to conduct a study to fill the gap in literature involving sustainability of retail chains specifically the supermarkets and to help retailers to effectively position their store in a changing consumption environment.

Significance of the Study

This study is aiming at helping the supermarkets manage their processes and inventory appropriately well by making the management understand and appreciate the significance of being sustainable. The study will also focus on equipping scholars with the necessary knowledge on retail industry. Finally the research will form a basis for further studies in the field of retailing to fill the knowledge gap.

Conceptual Framework

Dhotre (2010) defined conceptual framework as a theoretical evaluation of study which offers the blueprint of the study. It involves independent variables and dependent variable.

Independent Variables

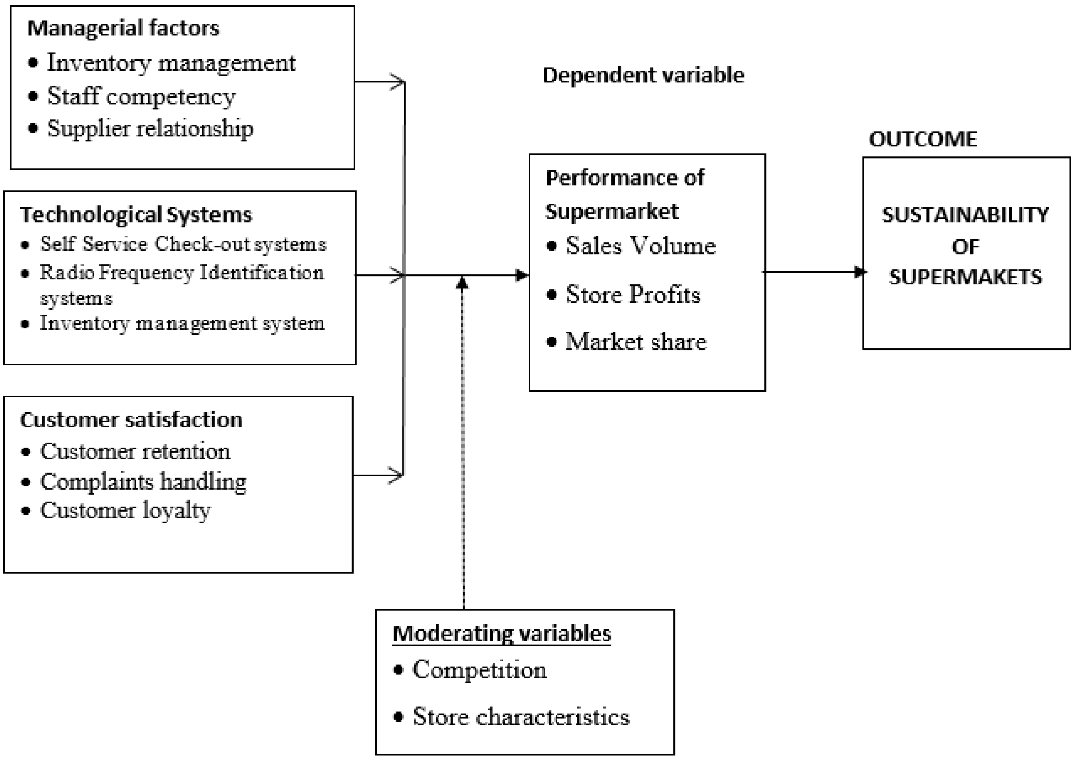

Figure 1.1: Conceptual Framework Showing Interaction of Variables under Study
Source: Researcher's own conceptualization (2017)

II. LITERATURE REVIEW

Theoretical framework

Naturally, a theory is a set of facts and assumptions which are accepted and which indicate an explanation of the existence of a possible cause and effect relationship in an observed situation. This study makes use of four theories which are the theory of Assimilation, dynamic based capability, strategic choice theories and the resource-based theory.

Dynamic capability theory

According to Irungu and Wanjau (2017), this theory is based on the ability of the organization to renew, reconfigure, integrate and recreate capabilities and resources so that it is able to react to the unknown working conditions accordingly. By aligning the resources, abilities, and capabilities of a firm to the sudden immediate changes in the environment, the organization can boost its operational performance in sustaining its retail chains and at the same time giving the entity a competitive edge over its competitors. Kotler and Armstrong (2012) assert that Capabilities are the means that an organization uses to obtain and accrue different competencies and skills which are totally new. The acquired new capabilities help to ensure that resources that the firm has are being used effectively and efficiently. This theory is important because it gives space for reconfiguring, renewing, recreating and integrating useful materials that are sustainable and also policies that can be adopted in meeting the objectives of the organization. Although critics of this theory argue that dynamic capabilities represent good practices and hence cannot be a source of competitive advantage (Lenher, 2019).

Strategic choice theory

Mwebi (2020) assert that this theory is majorly based on interconnection that lies between organizations events and actions. The important choice is significant in the management of risks in an integrative approach. This theory illustrates the relationship between the management of risks and overall performance of an organization along with the interaction between an organization and the environment. The theory speaks more on the significance options and practices for risk management to be adopted by management so that the organization can solve the risks ahead of it and be in a position to maintain its large retail chains. The theory perceives an organization as an entity that is directly affected by their environment as well as the choices that are undertaken in a bid to be in control of the change in both internal and external environment. The theory carries an integrative approach and sees business entities adaptability and strategic options that influence the actions that management undertakes. The founders of this theory believe that innovation and proactivity is the guiding principle. The procurement of items is to be done by the use of suppliers that are established to guarantee efficiency in supply and to ensure that retail chains are in constant supply of goods to ensure continuity in operation.

Resource-based view

This theory is based on the use of the available resources which are unique to an organization to realize its ability to sustain its large retail chains (Azher & Danish, 2019). These resources are either tangible or intangible assets. The resources which can be touched and felt in an institution are tangible assets while assets that are intangible are made by the staff and management of the business entity and cannot be felt or touched. The most important characteristic of this theory is its focus on internal forces within an organization that gives it a competitive advantage compared to its competition so that it can be in a position to sustain its large retail chains. Firm's resources can be categorized based on their capabilities, assets, human resource, risk management resource, location resource, and technological resources. This theory has it that firms often compete based on their unique resources available to them and their ability to manage the strong risks in their environment (Amir & Kameshvari, 2020). The corporate resources are not easy to come by because they provide the basis for the organization to gain a competitive edge enhancing their performance. The theory assumes that organizations resources are equally distributed. It leverages resources on organization resources that are to be used for the development of strategies that are significant to mitigate the risks an organization faces so that the firm can be in a good position to sustain the large retail chains that are present.

The Theory of Assimilation

According to Berman and Evans (2019) this theory asserts that the consumers are motivated to adjust their expectations and their product performance perceptions. If consumers adjust their expectations or product performance perceptions, dissatisfaction would not be a result of the post-usage process. Consumers can therefore reduce the tension resulting from a discrepancy between expectations and product/service performance either by distorting expectations so that they coincide within perceived product performance or by raising the level of satisfaction by minimizing the relative importance of the disconfirmation experienced. Some researchers have discovered that control on the actual product performance can lead to a positive relationship between expectations and satisfaction (Asad et.Al, 2019). Likewise, it is assumed that dissatisfaction could never appear unless the evaluation process began with the customers' negative expectations. However, some scholars' argue that Assimilation Theory has a number of shortcomings. For instance, Youn et.Al, (2020) believe that the approach assumes that there is a relationship between expectations and satisfaction, but it does not specify the way in which the expectation disconfirmation can lead to satisfaction or dissatisfaction.

More so, the theory believes that consumers are motivated enough to adjust either their expectations or their perceptions about the performance of the product. Some researchers have found that controlling for actual product performance can lead to a positive relationship between expectation and satisfaction. Therefore, it would appear that dissatisfaction could never occur unless the evaluative processes were to begin with negative consumer expectations.

Development of Retail industry

Retailing is one of the oldest businesses in the world and was practiced in prehistoric times. Earlier it was the exchange of food and traditional weapon which followed the emergence of traders and peddlers. The day barter has been replaced by exchange through money (in any form) the retailing came into existence (Dhotre, 2010). The beginning of retailing development is acknowledged to be at the end of the 19th century and early of the 20th century. At the beginning, retailers dominated with any merchandise. Later, retailers specializing in the market began to gain momentum. Last few years, there are very large stores, but again selling every kind of merchandise. In countries that have developed retailing, competition has reached high levels and has again started focusing on specialized stores. But this time, they have started to show themselves very deeply (Mwebi, 2020).

Five decades ago, retailing was not an integrated industry. Department stores were the giants of the time providing a number of departments for their customers. Since there, consumers have become more mobile and their behavior has changed. Retailing business has emerged to this challenge and transformed markets at home and abroad (Lenher, 2019). The market-place of retail has been reconstructed in the space of 5 decades. In place of classic nearness retailing, where consumers bought at their closest convenient store, the attention has shifted to target retailing, where consumers are inclined to go farther to get the best choice at better prices (Irungu and Wanjau, 2017).

The industry of retail came up with remarkable adjustments in the whole process of manufacturing, delivering and consumption of goods all over the world. Nowadays, most of the biggest economies are using the retail industry as their crucial growth instrument (Altunusik et.Al, 2021). But, besides of this, retailers act in a hard and rapid-changing climate, which provides risk as well as hopes. For instance, the industry experiences continual overcapacity, resulting in intense competition for customer money, especially in hard economic times. Consumer demographics, lifestyles, and spending patterns are changing rapidly, as are retailing technologies. To be successful, retailers need to choose target segments carefully and position themselves strongly (Berman & Evans, 2019).

Countries with the most developed and successful retailing in Europe are Germany and England. The turnover of sales sector in these countries is eight times in Greece or Portugal, twice as much as Europe's average. Overall, retailing in Europe is decreasing over time. There is also a dense competition among large retailers such as hypermarkets and chain stores (Dhotre, 2010).

Retailing is a socio-economic system, which brings people together, to exchange goods and services for a small consideration; which matches the needs of people, the ultimate consumers, with those of manufacturers and agriculturists, which not only satisfies the essential daily necessities of life but also promotes new lifestyles, thus peace, happiness and prosperity in the community (Lenher, 2019). Asad et.Al, (2019), defines retailing as a group of activities where goods and services are marketed to final consumers for personal or household consuming. Retailing does this by making them available on a massive extent and offering them to consumers on a relatively small extent. In a similar meaning, Mwebi (2020) define retailing as all the activities for selling goods or services directly to ultimate buyers for their personal, non-business use whereas according to Lenher (2019), retailing represents the entirety of activities that add value to products and services sold to consumers for personal use and households. So, retailing consists of all of the activities of goods sold to ultimate buyers (Achieng, Paul & Mbura, 2018). Retailing thus, is seen as the ultimate gate in the delivering of products, for consumption by the final consumers. Any firm that markets goods to the ultimate buyer is doing the function of retailing. It thus, includes all activities associated in the selling of products and services directly to the buyers, for their personal, family or household use. Retail is the final stage of any economic activity (Azher & Danish, 2019). The retailer is a person or agent or agency or company or organization who sends the products or services to the ultimate consumer and embrace the product with the service provide the customers who need it (Besker & Seuring, 2017). Thus, the customer and the fulfillment of customer desires and needs which are the key points of retailing are the retailing focus.

Today"s potential customer is most likely an experienced buyer with a keen eye for price, service and convenience. They are more sophisticated and more demanding. As markets become more competitive, customers" demands for quality product and service increase. As a result, delivering a unique in-store experience is a key goal for retailers today (Kotler & Armstrong, 2012). Nowadays retailers need to search for new marketing tactics to appeal and hold customers. While in the past, retailers attracted buyers with exclusive assortments and better services, today, retail assortments and services seems to be more and more similar (Mwebi, 2020).

The retail industry currently is rife with digital innovations, re-engineering and organizational change. Consumers are drawn by the ease and convenience of always being just a click away from user reviews, comparison pricing, and endless aisles have come to rely on online and mobile shopping. It is no surprise that traditional retailers are bringing digital channels into stores to tap those consumer preferences. At the same time, historically pure-play online retailers are increasingly opening brick-and-mortar shops in high-profile locations, seeking to capitalize on the tangible experiences that cannot be delivered through a device. Both traditional stores and pure-play online retailers are working toward the same goal: to create a highly personalized, consistent, and integrated shopping experience across all points of contact between retailers and customers.

Because so many traditional retailers have begun to experiment with digital technologies in stores, The Boston Consulting Group examined how companies with advanced digital strategies are performing relative to their peers. BCG's analysis indicates that brick-and-mortar retailers that implement digital technologies in stores—both to enhance the customer experience and to improve employee performance—tend to outperform retailers that have not yet implemented a digital strategy.

Performance of Supermarkets

The performance of the supermarkets is mostly measured by service delivery levels and the cost of operation of the firm. An organization that pays attention to these measures can improve its efficiency and effectiveness hence gaining a competitive edge over other competitors in the market. The dynamic market conditions requires flexibility from the retailers to remain relevant and competitive. The technological inventions have facilitated easier and faster dissemination of information, automation of operations, order placement and tracking and general stock control, schedule preparations and even online marketing (Irungu & Wanjau, 2017). Federal Express is an example of such a business. Federal Express allows customers to track packages easily and quickly in real-time.

Supermarkets are most frequently shopped retail stores that sell food products, cleaning and personal care in special sectors with the self-service system (Kotler & Armstrong, 2013). Attention is paid to open-air showcases and performances. Supermarkets in developed countries have replaced stores thanks to large quantities and without intermediaries of large food products and basic needs, fast-moving products and the like, so that low-profit rates can be sold at low prices (Irungu & Wanjau, 2017). The basic idea of the supermarket was developed during the economic crisis in America in the 1930s. Some innovators introduced to the audience "self-service" to reduce costs and expand the range of products. Profits did not originate from the high profit margins, but from high volumes of goods sales. Modern supermarkets have up to 47,000 product items, while shop areas are approximately up to 47,000 square feet. To be called supermarket should at least generate $ 2 million in annual sales, but an average supermarket per year generates $ 17 million in sales. In the United States there are about 35,000 supermarkets and most of them are in food items, with intense competition. In most other countries, however, they are beginning to be a new force (Lenher, 2019).

Currently supermarkets are evolving into Super stores are much bigger than traditional supermarkets and provide a bigger variety of frequently bought food productions, nonfood items, and services (Asad et.Al, 2019). In these stores, in addition to food items, they also offer many different products and services, such as furniture and other household items, photo material, cosmetics, clothing, tires, laundry, car repair, car wash, photo development etc. (Azher & Danish, 2019).

Empirical literature
Managerial factors

Inventory management is an area that covers a wide variety of activities that vary from one organization to another ranging from planning, acquisition, receiving, storage, packaging etc. Every business organization needs to hold and manage the right level of inventory that will enable it satisfy the needs of its customers. This is achieved by application of inventory management practices such as planning, categorization, automation and inventory modeling (Irungu & Wanjau, 2017). For instance, Mwebi (2020) reported that there is a significant positive relationship between inventory management and profitability. Evidence from previous studies by (Amir&Kameshvari, 2020) also supported the direct relationship between inventory management and profitability. In contrary, Asad et.Al, (2019) studies showed a negative relationship. However, almost all these studies fail to acknowledge the fact that inventory management also have an effect on firms operating cash flows. Fosu, (2016) revealed that efficient inventory management needs critical attention to attain success. The retail firms must develop good business strategies that are flexible enough and supportive to the long term plans and goals set. Family owned retail chains should make prior agreements on the posterity of the business in case of the death of the director. Succession feuds among siblings cripple operations of big firms if not well handled and managed. Thus the retail management should get a balanced mix of supply and demand, technology for communication and innovation for sound decision making, forecasting and performance to ensure better relationship with suppliers to avoid delays in inventory, short expiries, quality stock and supplier debts, the retail chains need to hire and develop competent staffs. With these factors under check the retail chains will avoid inventory related issues leading to performance excellence thus sustainability.

Technological Systems

Technological systems are used to describe changes in knowledge that increase the volume of output or allow a qualitatively superior output from a given amount of resources â€¦ and thus in driving organizational evolution. Technology therefore plays an important role in the success of retail stores in the world. Technologies such e-SCM focuses on the management of information flows and represents a philosophy of managing technology and processes in such a way that the enterprise optimizes the delivery of products, services and information from the supplier to the customer. The inventory management should be automated by adopting system that make it easier to manage, forecast, store, code, schedule, receive, issue and keep records. The customer relationship system helps in communication and collaborative strategies between the customer and the retail store. This creates and improves the relationship that enables the firm to have an edge over their competitors.

The RFID is an inventory management system that has the tracking capabilities. It can be able to track the materials as they are moved from one point to another. The technology is based on the interaction of three major components, that is, RFID tags, which are electronic databases that can be attached to or embedded in a physical tem/product, and RFID readers which are fixed or mobile devices. They can also communicate with the tag without requiring a line of sight, retrieve information from the tag and send it to a RFID middleware. Once a RFID tag is embedded into a product, it becomes “smart” or “intelligent”, communicating component of the firm’s overall information infrastructure. RFID technology has the potential to transform the entire SC for real-time optimization.

According to Kodama, (2013), majority of enterprises are dependent on technological systems in improvement of product-service delivery since its part of their strategic plans. The technological applications offer solutions to the wide range of needs of enterprises from simple point of sale units to ERP that covers the entire firm. Some of these areas include supply chain management, human resources, customer management, inventory management and finances. Thus the adoption of relevant information technology improves operational efficiency in the case of a supermarket hence increasing customer satisfaction (Dhont, Kraan, & van Sloten, 2014). In this case, operational managers would analyse performance of different goods by collecting data and assessing behaviour of customers with respect to the said variables.

Retailers need to analyze what makes a new product from the point of view by the customer if customers facing problems understanding the reason behind the introduction of new self-service checkout systems (SSC) they will not use the system. The launch of new self-service system has enabled the customers to embrace technology more. The system enable customers to self-service, reduce waiting time due to long queues, facilitates quick payment due to invention of bank cards in privacy and anonymity among others. These consumer trends empowers the customers making them feel valued a surety of loyalty and profits. The consumer should be involved in some way or another at most stages in the introduction of self-service checkout system. Every retail or sales companies should take care of customer wants and needs (Lenher, 2019).

Customer satisfaction

In today`s competitive markets customer satisfaction is no longer enough. The management has to delight the customers, give them something they did not expect to keep their loyalty and make them feel valued. The relationship and link between customer loyalty, customer retention and profitability enhances customer satisfaction. It has been shown that customer retention can boost profit of the supermarket as it is very easy to keep the existing customers than getting new customers.

Customer satisfaction should be measured frequently by the management. Sampling is extensive as it involves many different factors and elements. The measures are taken very seriously as they show the performance of the firm and the market share held. They are reviewed unfailingly by Top management. The development of such measures is taken very seriously as the development of budgetary measures or product reliability measures. The evaluation of people in all functional levels is significantly affected by the satisfaction measures realized. Customer satisfaction brings many benefits. Satisfied customers are less price sensitive, they purchase more items, don’t visit competitors and stay longer. Customer satisfaction is directly related with the customer complaint process management. If customer complains more, then, it increases more customer satisfaction. Customer complains about the product or service he/she receives, then, supermarket can achieve more customer satisfaction (Youn et.Al, 2020). “The product innovations, staff service, price, convenience and business profile are all determinants of customer satisfaction”.

Customer satisfaction can be achieved by customer retention. Customer complaint process can increase the level of customer satisfaction that result in customer retention. Employee perspective is also very important with relation of the customers. Individual relationship with the customer can boost the level of customer satisfaction.

Supplier distributor’s delays and long lead time’s cause’s friction between the retail chain, the supplier and the customers. The delays leads to understocking thus loss of customers since they aren’t served or don’t get whatever they want. With the systems adoption like the self-service checkout, the customer is left stranded, disappointed and unsatisfied. The retail on its part end up tying capital in systems and slow moving stock that don’t manifest into profits immediately. For the retail stores to remain profitable, distributor delay factor should be addressed and appropriate mitigating avenues adopted. The adoption of technological systems goes a long way to address the problem by enhancing better forecasting, decision making, informed supplier choices, analysis of market trends and dynamisms, and automating inventory management.

Competition

Hoch et al. (1995) found that competitive factors account for the majority of the variation in price elasticity across stores. In direct competition, a new entrant store is forced to rival with existing stores with the same product lines in order to capture more market shares, sales and customer loyalty (Durvasula et al. 1992). As for indirect competition, stores that offer unrelated products are viewed as potential competitors of new entrants into the market because they are competing for the same customer. The retail stores are ever in hourly competition with each other in addition to smaller retailers existing in the market for the bigger share of the customers budget.

To compete effectively in the dynamic market environment, the retail owners should put emphasize on competitive factors involved. The retail store location selection, lay-out, design should be intelligently surveyed and analyzed for the eventual success. The spatial distance between retail stores, the size and number of competitor stores and other shopping alternatives, relative competitors strength, competitors sales volume, and the quantity, quality and extend of aggressiveness defines the level of performance.

Store characteristics

Retailers should strive to have in place a wide array of store characteristics to gain and enjoy competitive edge over their rivals in the market. The competitiveness and attractiveness of retail stores is majorly associated to specific store characteristics and features. The vital aspects of the stores are, categorized into ease in accessibility, store image attributes, complaints handling ability, supplier relationship, expenses involved and working hours. The ease of access indicates the customers' ability to find the store without any challenge (Dune & Lusch 2008), is among the most discussed factors in literature for store performance. Considering that many customers move from place to another using different means, attention should be paid on the roads, footpaths, streets, and parking facilities for easier access to the shopping stores. When the status of transportation facilities available are evaluated in terms of ease of access to the store, they are believed to favorably or unfavorably affect the sales potential of a community and, ultimately the store in a given trade area (Redinbaugh 1987:188).

The Store-image attributes such as colour, finishing, lay-out and designs, offers, discounts, quantity and quality of product … all indicates the store performance and its long-term sustainability. Increasing merchandising assortments or improving store atmospherics through better layout and store-allocation techniques has an impact not only on revenue flows but also on expenses (Ingene & Lusch 1980). Thus, before any change to improve store-image is decided, retailers should take into account its impact on store profits and long-term goals. The store location selection model should consider the effect of various costs on store performance. These costs include building, renting, buying, renovating of the physical store and so forth (Irwing 1986:257).

RESEARCH METHODOLOGY

Research Design

The study adopted a descriptive research design. This design was adopted because it describes the state of affairs, as it exists at present in the study (Azher & Danish, 2019). The researcher intended to apply this design to evaluate the influence of inventory management practices on performance of retail outlets in Nairobi City County. This design is very useful in studying the inter-relations between the variables already mentioned in the conceptual framework (Berman & Evans 2019). It is analytical and often singles out a variable factor or individual subject and goes into details and describing them.

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