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Collaborative Sourcing Strategy and Performance of Alcoholic Beverages Manufacturing Companies in Kenya

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Abstract

Purpose: The main objective of the study was to examine the relationship between collaborative sourcing strategy and performance of alcoholic beverage manufacturing companies in Kenya.

Methodology: The study adopted a positivist research philosophy and explanatory research design. The unit of analysis was 30 alcoholic beverage manufacturing companies in Kenya, while the unit of observation comprised heads of finance, administration, procurement, ICT, operations, marketing and logistics departments. The target population was 210 heads of departments. The study adopted stratified random sampling. Both primary and secondary data were used. Secondary data were obtained from annual company reports, while primary data were collected using semi-structured questionnaires. Qualitative data were analysed thematically, revealing five themes: supplier partnerships and cooperation (30 respondents, 24.4%), information sharing and communication (25 respondents, 20.3%), joint planning and problem-solving (24 respondents, 19.5%), cost reduction and operational efficiency (23 respondents, 18.7%), and trust and supply chain resilience (21 respondents, 17.1%). Quantitative data were analysed using descriptive statistics, Pearson correlation and simple linear regression with SPSS version 25.

Findings: The study found a positive and significant relationship between collaborative sourcing strategy and company performance ($r = 0.712$, $p < 0.001$). Collaborative sourcing explained 50.7% of the variation in performance ($R^2 = 0.507$), with a unit increase associated with a 0.655-unit improvement ($B = 0.655$).

Unique Contribution to Theory, Policy and Practice: The study contributes to procurement knowledge by demonstrating the contribution of collaborative sourcing to organizational performance. The study recommends integrating collaborative sourcing into procurement policies and regularly reviewing decision-making processes to enhance responsiveness and operational agility.

Keywords: *Collaborative Sourcing Strategy, Alcoholic Beverages, Firm Performance, Information Sharing, Market Share*

JEL Codes: *L14, L66, L25, D83, L11*

Introduction

Organizations currently operate in a turbulent business environment characterized by increased competition, globalization, and complex supply chains (Chepng'etich, Waiganjo & Karani, 2020). The COVID-19 pandemic exposed vulnerabilities in global supply chains, including those of the alcoholic beverage industry, as lockdowns, social distancing measures, and transportation disruptions affected production, distribution, and sales, resulting in inventory shortages and revenue losses (Jomthanachai, Wong & Lim, 2022). Other disruptions, including transportation challenges, raw material shortages, labor issues, container shortages, strikes, and natural disasters, can delay shipments and affect production schedules and inventory levels. Changes in regulations, including alcohol advertising restrictions and tax policies, also influence industry operations (Narayanamurthy & Gurumurthy, 2019). Moreover, changing customer expectations and globalization have transformed supply chains and influenced firm performance. Consequently, alcoholic beverage companies have increasingly emphasized sourcing strategies to ensure adequate and consistent quality of raw materials and strengthen supply chain resilience through supplier diversification and alternative sourcing options (Dollet & Díaz, 2020).

Collaborative sourcing strategy refers to the cooperative approach through which manufacturers and suppliers jointly share information, align incentives, and synchronize decisions to achieve mutually beneficial sourcing outcomes (Twinomuhwezi & Musiita, 2025). Collaborative sourcing strategy involves manufacturers working closely with suppliers in areas such as joint planning, information sharing, quality improvement, and coordinated procurement. In the alcoholic beverage manufacturing industry, collaboration with suppliers is important because the production process depends on the continuous availability and consistent quality of raw materials (Kithinji & Wanjira, 2019). Effective collaborative sourcing can strengthen supplier relationships, improve information sharing, enhance coordination, and reduce sourcing-related disruptions. It can also enable manufacturers to jointly address challenges affecting raw material availability, quality, delivery schedules, and production requirements. Through closer supplier relationships, firms can improve supply chain efficiency and responsiveness to changes in market conditions. Collaborative sourcing may therefore contribute to improved production continuity, cost management, product quality, and customer satisfaction (Kitetu, 2018). Consequently, the adoption of collaborative sourcing strategy provides alcoholic beverage manufacturing companies in Kenya with an approach for strengthening supply chain operations and enhancing their overall performance and competitiveness in a dynamic industry.

Globally, collaborative sourcing strategy has increasingly gained importance among manufacturing and retail firms as organizations seek to strengthen supplier relationships, improve resource availability, and enhance organizational performance. In Indonesia, Setiawan and Tarigan (2022) found that maintaining relationships with trustworthy and reputable suppliers contributes to consistent raw material quality, reduced defects, and improved product performance. In Vietnam, Nguyen (2022) established that domestic sourcing of raw materials has a significant

positive effect on SME performance, highlighting the value of closer and more coordinated relationships with local suppliers. In Nigeria, Onwuchekwa and Idawaribim (2024) emphasized supplier relationship management and collaboration as key elements of strategic sourcing, contributing to cost reduction, risk mitigation, and operational efficiency. Similarly, Tesfaye (2019) found that supplier collaboration significantly influences organizational performance. In Kenya, King'ori and Lambaino (2023) identified collaborative sourcing as an important sourcing strategy among supermarkets in Nairobi City County, with positive implications for organizational performance. Munyi, Namusonge, and Simiyu (2020) further demonstrated that effective strategic sourcing, including coordinated supplier relationships and a manageable supply base, positively influences firm performance.

Statement of the Problem

The performance of alcoholic beverage manufacturing companies in Kenya remains a concern, with evidence indicating declining growth and profitability in the sector (Karanja & Wagoki, 2021). Bor (2020) observed that between 2018 and 2020, the beverage industry, including alcoholic beverages, recorded a 3.1% decline in overall growth. Similarly, Samuel and Murigi (2024) established that cost leadership strategy has a positive and statistically significant relationship with the performance of alcohol beverage firms in Kenya. In the financial year ending 30th June 2023, East African Breweries Limited (EABL), the market leader, recorded a 21% decline in net profit to KSh 12.32 billion (Okoth, 2023). These challenges have been associated with high production costs, limited availability of raw materials, supply chain disruptions, and increasing logistics costs, which have also contributed to declining customer satisfaction. Sourcing strategies have emerged as important considerations in the alcoholic beverages manufacturing industry due to climate change, geopolitical conflicts, and global epidemics that can disrupt supply chain networks and affect production (Okoth, 2023). In addition, fluctuations in global commodity prices for key inputs such as barley, malt, hops, and grapes significantly influence production costs. Weather events, political instability, and logistical bottlenecks can further create supply shortages and increase procurement costs (King'ori & Lambaino, 2023).

Collaborative sourcing strategy provides a potential approach for addressing these challenges by enabling companies to work closely with suppliers and other supply chain partners in coordinating procurement, sharing information, managing risks, and improving the reliability and cost-effectiveness of material supplies (Kinyundo & Wachiuri, 2025). Effective implementation of collaborative sourcing may require adequate financial, technological, human, and operational resources to establish supplier relationships, adopt appropriate technologies, coordinate sourcing activities, and respond to supply disruptions (Rajab et al., 2021). Therefore, understanding the relationship between collaborative sourcing strategy and company performance requires examining how its implementation contributes to organisational performance.

Although studies have examined sourcing strategies and organizational performance in Kenya, limited attention has been given to collaborative sourcing strategy among alcoholic beverage manufacturing companies and the moderating role of organizational resources. Munyi et al. (2020) examined strategic sourcing and firm performance among electricity firms in Kenya, while Korir and Kagiri (2019) investigated sourcing strategies and organizational performance at James Finlay (Kenya) Limited. These studies were conducted in different industry contexts and did not specifically examine collaborative sourcing strategy or establish how organizational resources may influence its relationship with company performance. This creates a contextual and empirical gap that the current study sought to address by examining the relationship between collaborative sourcing strategy and the performance of alcoholic beverage manufacturing companies in Kenya.

The null hypothesis in this study was;

H_{01}: Information sharing has no statistically significant relationship with the performance of alcoholic beverage manufacturing companies in Kenya.

H_{02}: Incentive alignment has no statistically significant relationship with the performance of alcoholic beverage manufacturing companies in Kenya.

H_{03}: Decision synchronization has no statistically significant relationship with the performance of alcoholic beverage manufacturing companies in Kenya

Theoretical Review

The study was anchored on Social Exchange Theory (SET), which was developed by George Homans in 1958. At its core, the theory posits that social behavior is driven by an exchange process in which individuals engage in interactions with others to maximize rewards and minimize costs. The theory suggests that individuals engage in relationships and interactions based on the expectation of receiving benefits or rewards while minimizing negative consequences or costs associated with their actions (Rather & Hollebeek, 2019). Blau (1964) and Emerson (1976) extended the social exchange perspective by explaining how reciprocal exchanges, trust, and interdependence shape continuing relationships. These extensions provide a basis for understanding exchange relationships beyond individuals, including interactions between organisations and their suppliers. Central to Social Exchange Theory is the concept of reciprocity, whereby individuals feel compelled to reciprocate positive actions or favors received from others. The theory emphasizes that social interactions involve a give-and-take dynamic in which individuals strive to maintain equitable exchanges of resources, support, and assistance. Individuals assess the rewards and costs of engaging in social relationships by weighing the benefits they receive against the sacrifices or efforts required. This evaluation process influences their decisions to initiate, maintain, or terminate relationships based on their perceived outcomes (Yang & Ma, 2019). In this study, SET provides the theoretical basis for explaining reciprocal exchanges between alcoholic beverage manufacturers and their suppliers through information

sharing, incentive alignment, and decision synchronization. The theory serves as an explanatory foundation and is not treated as a separate variable in the empirical analysis.

Assumptions underlying Social Exchange Theory include the belief that individuals are rational decision-makers who seek to maximize their self-interest in social interactions (Danaei & Oliaee, 2020). The theory assumes that individuals possess the cognitive capacity to evaluate the outcomes of their actions and compare different courses of action. Furthermore, Social Exchange Theory operates on the assumption that social behavior is largely influenced by self-interest, as individuals prioritize their well-being and seek to optimize their outcomes in social exchanges. These assumptions provide a framework for understanding how individuals navigate social interactions and relationships based on their perceptions of rewards, costs, and available alternatives (Rather & Hollebeek, 2019).

Social Exchange Theory offers valuable insights into how collaborative sourcing strategy may influence the performance of alcoholic beverages manufacturing companies in Kenya. In the context of collaborative sourcing, which involves partnering with suppliers and other stakeholders to jointly procure resources, the theory suggests that companies engage in collaborative relationships to maximize benefits while minimizing costs (Rather & Hollebeek, 2019). Collaborative sourcing strategies in the alcoholic beverages manufacturing sector can therefore be understood as a form of social exchange in which companies establish partnerships with suppliers based on the expectation of obtaining benefits such as cost savings, improved quality, reliable supplies, and reduced sourcing risks. These relationships are characterized by reciprocity, as both parties contribute resources, information, expertise, and support with the expectation of mutual benefits. By working collaboratively with suppliers and other stakeholders, alcoholic beverages manufacturing companies can strengthen supplier relationships, improve access to raw materials, enhance operational efficiency, mitigate supply risks, and ultimately improve their overall performance.

Conceptual Framework

A conceptual framework refers to the diagrammatical visualization of theoretical aspects of a particular research so as to show the existing relationship between variables (Waddell, 2020). The independent variable in this study was collaborative sourcing strategy, operationalized through information sharing, incentive alignment, and decision synchronization. The dependent variable was performance of alcoholic beverage companies, measured through profitability, market share, and customer retention. These dimensions were assessed based on respondents' perceptions of their respective organisations' profitability, competitive market position, and ability to retain customers.

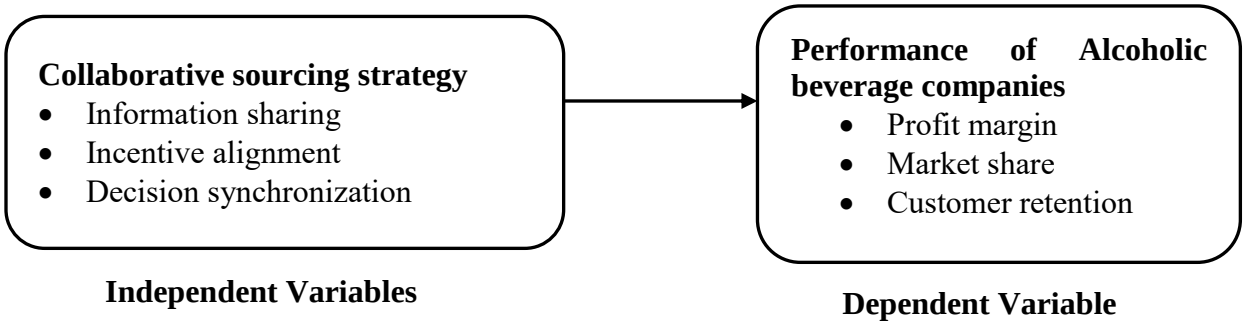


Figure 1: Conceptual Framework

Empirical Literature

In the United Kingdom, Ramjaun and Sanchez (2024) explored collaborative procurement as a sourcing strategy adopted by competing small enterprises to lower material supply costs by enhancing efficiencies, increasing bargaining power, and leveraging economies of scale. Utilizing a case study approach, the research focuses on a network of regionally clustered breweries. Interview data collected from producers, suppliers, and industry experts is analyzed inductively to gain insights into the feasibility, organizational implications, and advantages/limitations of joint procurement activities. The findings indicated that the craft brewing industry primarily adopts a differentiation strategy in the marketplace to attain competitive advantage, leading to supply chain dynamics favoring raw material diversity. However, this diversification conflicts with the standardization required for collective purchasing efforts. Competitive pressures hinder information sharing and governance mechanisms, while size disparities within and across the supply chain influence the distribution of returns.

Using systematic review of literature, Prim, Sarma and de Sá (2023) analyzed how small-scale Brazilian breweries engage in both vertical and horizontal collaborations to enhance their quality performance, particularly in reducing quality variabilities. While vertical collaborations have received considerable attention, horizontal and simultaneous collaboration efforts remain relatively understudied. The study proposed a synergistic approach that combines vertical and horizontal collaborations through information sharing, joint decision-making, and knowledge exchange among both intra- and inter-supply chain partners to effectively address quality variability issues. It highlights the predominantly informal nature of supply chain relationships, which facilitates access to external sources of knowledge. Furthermore, it demonstrates how such collaborative efforts have enabled companies to achieve mutual benefits in their relationships.

In Uganda, Kalubanga and Namagembe (2022) examined the effect of collaborative outsourcing on logistics performance on selected manufacturing firms. Utilizing insights from commitment-trust theory and strategy alignment literature, the research employs a cross-sectional survey design with a self-administered questionnaire. Data obtained from managers of 103 manufacturing firms outsourcing logistics operations are analyzed using the partial least squares structural equation

modeling (PLS-SEM) approach. The findings highlight that trust significantly influences logistics performance indirectly, through its impact on commitment, LORQ, and relationship satisfaction, sequentially. Moreover, the positive effects of relationship satisfaction on logistics performance are shown to strengthen with enhancements in LORQ. Additionally, strategy alignment emerges as a significant driver, exerting a strong positive influence on LORQ within the logistics outsourcing relationships studied.

Kigen and Ndeto (2024) investigated the relationship between collaborative supplier relationship management (SRM) and the performance of retail firms in Nairobi City County, Kenya. The study adopted a descriptive cross-sectional research design. Primary data were collected using structured questionnaires. The study established that supplier engagement had a positive and strong relationship with the performance of retail firms. Similarly, supplier alignment had a strong relationship with firm performance. The findings further established that effective supplier engagement through regular communication and joint problem-solving strengthens supplier relationships and contributes to improved firm performance. Supplier alignment through joint business planning and shared strategic goals also enhances coordination between retail firms and their suppliers. The study recommended strengthening supplier relationships through regular communication, joint problem-solving, joint business planning, and shared strategic goals.

Research Methodology

The study adopted an explanatory research design guided by the positivist philosophy, which was appropriate for analysing quantitative data and testing relationships between variables. A cross-sectional time horizon was adopted, whereby data were collected at a single point in time. The unit of analysis comprised 30 alcoholic beverages manufacturing companies in Kenya (KRA, 2023), while the unit of observation comprised the heads of finance, administration, procurement, ICT, operations, marketing and logistics departments. The target population comprised 210 heads of departments, with seven respondents from each company. The study employed stratified proportionate random sampling to select 137 respondents from the five alcoholic beverage manufacturing sub-sectors, ensuring proportional representation of each sub-sector.

The study used Slovin's formula in the determination of the sample size.

$$= \frac{N}{1 + N(e)^2} = \frac{210}{1 + (210 * (0.05^2))} = 137$$

Where: n = no. of samples; N = total population; and e = error margin / margin of error (0.05)

$$n = \frac{210}{1 + (210 * (0.05^2))}$$

$$n = 137$$

Table 1: Sample Size

Sub-Sector	No. Companies	Respondents per company	Target Population	Sample Size
Ethyl Alcohol	2	7	14	9
Beer	4	7	28	18
Spirits and Spiritous Beverages	9	7	63	41
Wines	2	7	14	9
Opaque Beer	13	7	91	60
Total	**30**	**7**	210	137

The study employed stratified proportionate random sampling, whereby the population was divided into five strata based on the categories of alcoholic beverage manufacturers. Within each company, seven respondents were targeted from finance, administration, procurement, ICT, operations, marketing and logistics functions. Where a company did not have a formally designated ICT or marketing head, the respondent was selected from the employee responsible for performing the corresponding functions. This ensured representation of all relevant functional areas, including in smaller firms. Stratified random sampling enhanced the representativeness of the sample by ensuring adequate coverage of the five manufacturing sub-sectors (Hair, Page, & Brunsveld, 2020).

The study used primary data collected through semi-structured questionnaires comprising Likert-scale and nominal-scale questions. Secondary data from company annual reports were initially considered but were not used in the analysis. A pilot test was conducted using approximately 10% of the proposed sample size (14 respondents), selected from East African Breweries Limited (EABL), to assess the reliability and validity of the research instrument (Kumar, 2019). The pilot results showed that the collaborative sourcing strategy construct had acceptable internal consistency, with a Cronbach's Alpha of 0.784 based on nine items. Its Average Variance Extracted (AVE) was 0.580, while the Content Validity Index (CVI) was 0.800. Reliability and validity were also assessed for the organizational performance construct, with the respective Cronbach's Alpha and AVE results reported separately. The pilot respondents were excluded from the main study to avoid potential response contamination.

The questionnaires generated qualitative and quantitative data. Thematic analysis was used to analyze qualitative data and the results were presented in a narrative form. Moreover, descriptive as well as inferential statistics was employed in analyzing quantitative data with the assistance of SPSS version 25 statistical software. Descriptive statistics comprised of frequency distribution,

percentages, standard deviation and mean. Inferential data analysis was carried out using Pearson correlation coefficient, multivariate linear regression, and step-wise regression analysis. Regression analysis allows the researcher to quantify the strength of the relationship between the independent variable (collaborative sourcing strategies) and the dependent variable (performance). By estimating regression coefficients, the researcher determined the extent to which changes in collaborative sourcing strategies are associated with changes in performance outcomes. Regression model was as follows;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3$$

Whereby; Y = Performance of alcoholic beverages manufacturing companies; B_0 = Constant; β_1-β_3=Slope; X_1 = Collaborative Sourcing Strategy; X_2 = Firm Size; X_3 = Sub-Sector

Regression assumptions were tested to establish the suitability of the data for regression analysis, focusing on normality of residuals, linearity and homoscedasticity. Normality was assessed using the Shapiro–Wilk test, while linearity and homoscedasticity were tested through scatterplots

Research Findings and Discussions

The researcher distributed 137 questionnaires to the heads of finance, administration, procurement, ICT, operations, marketing, and logistics departments in 30 alcoholic beverages manufacturing companies in Kenya. As presented in Table 2, out of the 137 questionnaires distributed, 123 were fully completed and returned, representing a response rate of 89.78%. Latwal (2020) noted that a response rate of 50% is sufficient for effective analysis, 60% is considered good, while 70% or higher is regarded as excellent. This study attained an impressive response rate of 89.78%, surpassing these benchmarks. Such a high response rate demonstrates not only more than adequate participation but also strong engagement from the respondents.

Table 2: Response Rate

Sub-Sector	Sample Size	Response	Response Rate
Ethyl Alcohol	9	7	77.78
Beer	18	13	72.22
Spirits and Spiritous Beverages	41	39	95.12
Wines	9	7	77.78
Opaque Beer	60	57	95.00
Total	**137**	**123**	**89.78**

Collaborative Sourcing Strategy

The respondents were asked to indicate their level of agreement with statements measuring collaborative sourcing strategy. The findings are presented in Table 3. The study adopted a five-point Likert scale, where 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, and 5 = Strongly Agree. For interpretation, mean scores of 1.00–1.80 indicated strong disagreement, 1.81–2.60 disagreement, 2.61–3.40 neutrality, 3.41–4.20 agreement, and 4.21–5.00 strong agreement. The findings revealed an overall composite mean of 4.104 (SD = 0.966), indicating that respondents generally agreed that their organisations employed collaborative sourcing strategies. This suggests that information sharing, incentive alignment and synchronized decision-making were important practices in managing supplier relationships and enhancing supply chain coordination. However, the relatively high mean scores, most of which ranged between 3.935 and 4.268, suggest a potential ceiling effect, implying that respondents' ratings were concentrated towards the upper end of the Likert scale. Consequently, although the findings indicate generally favourable perceptions of collaborative sourcing, the limited variation in responses may constrain the extent to which differences in perceptions can be distinguished.

With a mean of 4.268 (SD=0.860), the respondents agreed that they feel confident that synchronized decision-making minimizes disruptions and enhances supply chain resilience. Also, with a mean of 4.219 (SD=0.979), the respondents agreed that incentive alignment promotes a win-win relationship where both parties benefit from achieving desired outcomes. These findings conform to Ramjaun and Sanchez (2024) observations that incentive alignment fosters a win-win relationship, enabling both parties to benefit mutually from the achievement of shared objectives and desired outcomes. The respondents agreed with a mean of 4.163 (SD=1.035) with the statement indicating that they believe that synchronized decision-making improves responsiveness and agility in the supply chain.

Further, the respondents agreed with the statement indicating that they feel confident that incentivizing suppliers leads to greater accountability and performance improvement as shown by a mean of 4.098 (SD=0.962). Similarly, with a mean of 4.089 (SD=0.849), the respondents agreed that they believe that aligning incentives motivates suppliers to prioritize quality, reliability, and customer satisfaction. With a mean of 4.057 (SD=1.089), the respondents agreed that information sharing enhances supply chain visibility and allows for better anticipation of potential risks and opportunities. These findings are in line with Kalubanga and Namagembe (2022) observations that information sharing improves supply chain visibility, enabling organizations to better anticipate potential risks and identify emerging opportunities for enhanced operational decision-making.

In addition, with a mean of 4.057 (SD=0.833), the respondents agreed that they believe that transparent information sharing fosters trust and strengthens relationships with suppliers. These findings differ from Ramjaun and Sanchez (2024), who established that competitive pressures within the brewing industry hinder information sharing and collaborative governance. The

respondents agreed with a mean of 4.049 (SD=1.062) with the statement indicating that decision synchronization reduces lead times and enhances overall efficiency in procurement and production processes. Moreover, with a mean of 3.935 (SD=1.030), the respondents agreed that information sharing with suppliers improves communication and understanding of mutual goals and expectations.

The respondents were asked to explain how collaborative sourcing strategy influences the performance of their organisations. Five major themes emerged: supplier partnerships and cooperation (30 respondents), information sharing and communication (25 respondents), joint planning and problem-solving (24 respondents), cost reduction and operational efficiency (23 respondents), and trust and supply chain resilience (21 respondents). On supplier partnerships and cooperation, the respondents reported that working closely with suppliers strengthened relationships, improved coordination and ensured timely delivery of quality raw materials. They noted that supplier involvement enhanced supply chain efficiency and operational continuity. On information sharing and communication, the respondents reported that sharing critical procurement information improved communication, coordination of procurement activities and alignment of production schedules. They noted that effective communication reduced misunderstandings and improved information flow between organisations and suppliers.

On joint planning and problem-solving, the respondents reported that involving suppliers in production planning and decision-making facilitated early identification of challenges and development of practical solutions. They noted that joint problem-solving improved responsiveness to changing market conditions and minimised operational disruptions. On cost reduction and operational efficiency, the respondents reported that collaborative sourcing helped reduce procurement costs, minimise lead times and improve resource utilisation. They further noted that cooperation with suppliers supported process improvements and timely delivery of inputs. For trust and supply chain resilience, the respondents reported that mutual trust, shared objectives and accountability strengthened supplier relationships. They identified information exchange, shared performance targets and access to suppliers' expertise as important mechanisms for improving organisational flexibility and resilience. One respondent explained:

> "*Working closely with our suppliers enables us to share information, plan procurement activities and address supply challenges early, thereby reducing delays and improving operational efficiency*." (Respondent 12)

Table 3: Collaborative Sourcing Strategy

	Mean	Std. Dev
Information sharing with suppliers improves communication and understanding of mutual goals and expectations.	3.935	1.03
I believe that transparent information sharing fosters trust and strengthens relationships with suppliers.	4.057	0.833
Information sharing enhances supply chain visibility and allows for better anticipation of potential risks and opportunities.	4.057	1.089
I believe that aligning incentives motivates suppliers to prioritize quality, reliability, and customer satisfaction.	4.089	0.849
Incentive alignment promotes a win-win relationship where both parties benefit from achieving desired outcomes.	4.219	0.979
I feel confident that incentivizing suppliers leads to greater accountability and performance improvement.	4.098	0.962
I believe that synchronized decision-making improves responsiveness and agility in the supply chain.	4.163	1.035
Decision synchronization reduces lead times and enhances overall efficiency in procurement and production processes.	4.049	1.062
I feel confident that synchronized decision-making minimizes disruptions and enhances supply chain resilience.	4.268	0.86
Composite mean and standard deviation	**4.104**	**0.966**

Performance of Alcoholic Beverage Companies

The respondents were asked to indicate their level of agreement with various statements measuring the performance of alcoholic beverage companies. The findings are presented in Table 4. The study adopted a five-point Likert scale, where 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, and 5 = Strongly Agree. Mean scores of 1.00–1.80 indicated strong disagreement, 1.81–2.60 disagreement, 2.61–3.40 neutrality, 3.41–4.20 agreement, and 4.21–5.00 strong agreement. The findings revealed an overall composite mean of 4.198 (SD = 0.962), indicating that respondents generally agreed that alcoholic beverage companies demonstrated favourable performance in terms of profitability, market share and customer retention. The composite mean was close to the upper boundary of the agreement category, suggesting generally positive assessments of company performance. However, the relatively high mean scores, particularly those exceeding 4.20, indicate a potential ceiling effect, whereby respondents' ratings were

concentrated towards the upper end of the Likert scale. This suggests limited differentiation in respondents' perceptions and calls for caution when interpreting the extent of performance differences across the companies.

The respondents agreed with a mean of 4.512 (SD=0.890) with the statement indicating that alcoholic beverage companies invest in initiatives to enhance customer loyalty and retention. Similarly, with a mean of 4.390 (SD=1.013), the respondents agreed that feedback and insights from customers are actively collected and utilized by alcoholic beverage companies to improve retention strategies. With a mean of 4.350 (SD=1.008), the respondents agreed that alcoholic beverage companies effectively capture and retain market share in competitive markets. These findings conform to Mulweye et al. (2024) observations that alcoholic beverage companies effectively capture and retain market share by implementing strategies that enhance competitiveness and respond proactively to market dynamics.

With a mean of 4.244 (SD=0.961), the respondents agreed that their organization closely tracks changes in market share within the alcoholic beverage industry. In addition, with a mean of 4.228 (SD=0.787), the respondents agreed that alcoholic beverage companies effectively manage costs to maintain healthy profit margins. These findings conform to Ramjaun and Sanchez (2024) who observed that alcoholic beverage companies effectively manage operational and production costs, enabling them to maintain healthy profit margins and enhance overall financial performance. The respondents also agreed with a mean of 4.138 (SD=0.813) that alcoholic beverage companies demonstrate strong competitive positioning through significant market share.

With a mean of 4.049 (SD=0.965), the respondents agreed that their organization benefits from the high levels of customer retention maintained by alcoholic beverage companies. These findings align with Li et al. (2023) observations that organizations benefit from the high levels of customer retention achieved by alcoholic beverage companies, which strengthens brand loyalty and supports sustained revenue growth. The respondents agreed with a mean of 3.984 (SD=0.958) that they believe the profit margins of alcoholic beverage companies are consistently strong. In addition, with a mean of 3.886 (SD=1.262), the respondents agreed that their organization’s profitability is positively impacted by the performance of alcoholic beverage companies.

Table 4: Statements on Performance of Alcoholic beverage companies

	Mean	Std. Dev
I believe that the profit margins of alcoholic beverage companies are consistently strong.	3.984	0.958
Alcoholic beverage companies effectively manage costs to maintain healthy profit margins.	4.228	0.787
Our organization's profitability is positively impacted by the performance of alcoholic beverage companies.	3.886	1.262
Alcoholic beverage companies demonstrate strong competitive positioning through significant market share.	4.138	0.813
Our organization closely tracks changes in market share within the alcoholic beverage industry.	4.244	0.961
I believe that alcoholic beverage companies effectively capture and retain market share in competitive markets.	4.350	1.008
Our organization benefits from the high levels of customer retention maintained by alcoholic beverage companies.	4.049	0.965
I believe that alcoholic beverage companies invest in initiatives to enhance customer loyalty and retention.	4.512	0.89
Feedback and insights from customers are actively collected and utilized by alcoholic beverage companies to improve retention strategies.	4.390	1.013
Composite mean and standard deviation	**4.198**	**0.962**

Correlation Analysis

According to results in Table 5, there is a significant positive correlation between collaborative sourcing strategy and the performance of alcoholic beverage companies ($r = 0.712$, $p < 0.001$). This suggests that improved collaborative sourcing strategy is positively associated with better organizational performance. However, since data were obtained from the same respondents, the possibility of common method bias is acknowledged. The findings are in line with Kalubanga and Namagembe (2022) observations that collaborative outsourcing significantly influences logistics performance. The findings concur with Ramjaun and Sanchez (2024) observations that collaborative outsourcing has a positive and significant influence on competitive advantage.

Table 5: Correlation Analysis Results

		Performance of Alcoholic beverage companies	Collaborative sourcing strategy
Performance of Alcoholic beverage companies	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	123	
Collaborative sourcing strategy	Pearson Correlation	.712**	1
	Sig. (2-tailed)	.000	
	N	123	123

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

Regression analysis

In this study, linear regression was employed to assess the relationship between collaborative sourcing strategy and performance. The responses from the 123 respondents were aggregated into company-level mean scores for the 30 alcoholic beverage manufacturing companies before conducting regression analysis. As depicted in Table 6, the coefficient of determination (R^2 = 0.507) indicates that collaborative sourcing strategy explains 50.7% of the variation in the performance of alcoholic beverage manufacturing companies in Kenya. The remaining 49.3% is associated with other factors not included in the model.

Table 6: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.712[a]	.507	.503	.32736

a. Predictors: (Constant), Collaborative sourcing strategy

As shown in Table 7, the regression model was statistically significant (F = 124.342, p = 0.000). The significance value being less than 0.05 indicates that collaborative sourcing strategy significantly explains variations in the performance of alcoholic beverage manufacturing companies in Kenya.

Table 7: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	13.325	1	13.325	124.342	.000[b]
	Residual	12.967	121	.107		
	Total	26.292	122			

a. Dependent Variable: Performance of Alcoholic beverage companies

b. Predictors: (Constant), Collaborative sourcing strategy

Regression equation for the unstandardized coefficients was;

$Y = 1.291 + 0.655X_1$

The results show that collaborative sourcing strategy has a positive and statistically significant relationship with the performance of alcoholic beverage companies in Kenya ($B = 0.655$, $p < 0.001$). Since the p-value (0.000) is less than the significance level of 0.05, collaborative sourcing strategy significantly predicts organizational performance. The unstandardized regression coefficient ($B = 0.655$) implies that a one-unit increase in collaborative sourcing strategy is associated with a 0.655-unit increase in the performance of alcoholic beverage manufacturing companies in Kenya, holding other factors constant. The standardized coefficient (Beta = 0.712) further indicates a strong positive relationship between collaborative sourcing strategy and organizational performance.

The null hypothesis stated that:

H_o: Collaborative sourcing strategy has no statistically significant relationship with the performance of alcoholic beverage manufacturing companies in Kenya.

The regression results show that collaborative sourcing strategy was statistically significant ($p = 0.000 < 0.05$). Therefore, the null hypothesis was rejected, and the study concludes that collaborative sourcing strategy has a statistically significant positive relationship with the performance of alcoholic beverage manufacturing companies in Kenya. These study findings conform to Ramjaun and Sanchez (2024), who observed that collaborative outsourcing has a positive and significant influence on competitive advantage in the United Kingdom. In addition, the findings concur with Kalubanga and Namagembe (2022), who found that collaborative outsourcing significantly influences logistics performance in Uganda.

Table 8: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1(Constant)	1.291	.222		5.829	.000
Collaborative sourcing strategy	.655	.059	.712	11.151	.000

a. Dependent Variable: Performance of Alcoholic beverage companies

Conclusions and Recommendations

The study concludes that collaborative sourcing strategy has a positive and significant relationship with the performance of alcoholic beverage companies in Kenya. The study established that collaborative sourcing strategy, measured through information sharing, incentive alignment and decision synchronization, is positively associated with organizational performance. This suggests that higher levels of collaborative sourcing strategy are associated with better organizational performance. The study contributes to supply chain management literature by providing empirical evidence on the relationship between collaborative sourcing strategy and organizational performance within Kenya's alcoholic beverage manufacturing sector. The findings are theoretically consistent with Social Exchange Theory, which explains how reciprocity, trust and interdependence shape exchange relationships between organizations and their suppliers. However, the cross-sectional research design limits the assessment of relationships over time, while reliance on self-reported questionnaire responses may introduce response and common method biases.

The study found that synchronized decision-making was effective in minimizing disruptions, reducing lead times, and enhancing supply chain resilience, responsiveness, and overall operational efficiency in procurement and production processes. It is recommended that firms strengthen coordinated decision-making structures by establishing clear communication channels and joint planning mechanisms between procurement, production, and supplier units. This can be achieved through the adoption of integrated supply chain management systems that enable real-time coordination and faster response to operational disruptions.

The study revealed that incentive alignment promotes win-win relationships, improves accountability, and motivates suppliers to prioritize quality, reliability, and customer satisfaction. To build on this, it is recommended that firms develop structured incentive schemes that align supplier rewards with performance outcomes such as quality delivery, timeliness, and cost efficiency. Companies should also implement performance-based contracting systems and regular supplier appraisal mechanisms to ensure that incentives consistently drive desired behaviors and strengthen long-term supplier relationships.

The study further found that information sharing enhances supply chain visibility, improves communication, and enables better anticipation of risks and opportunities. It is recommended that firms enhance their information-sharing practices by investing in secure and integrated digital platforms that facilitate real-time data exchange among supply chain partners. In addition, organizations should develop clear information governance policies to ensure accuracy, transparency, and consistency of shared data, thereby strengthening trust, collaboration, and overall supply chain coordination.

Areas for Further Research

The objective of the study was to establish the relationship between collaborative sourcing strategy and the performance of alcoholic beverages manufacturing companies in Kenya. The study focused on selected alcoholic beverage manufacturing companies in Kenya; therefore, the findings may not be generalized to other manufacturing sectors or industries. The study established that collaborative sourcing strategy explained 50.7% of the variation in the performance of alcoholic beverages manufacturing companies in Kenya. This indicates that 49.3% of the variation in performance was explained by other factors not considered in the study. Therefore, further research should examine other factors that may influence the performance of alcoholic beverages manufacturing companies in Kenya, including technological adoption, supply chain integration, innovation capability, and regulatory environment. In addition, future studies could examine the relationship between collaborative sourcing strategy and performance in other manufacturing sub-sectors, such as food processing, pharmaceuticals, and fast-moving consumer goods in Kenya.

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