IRASS Journal of Economics and Business Management
https://irasspublisher.com/journal-details/IRASSJEBM
ISSN (Online) 3049-1320

Effect of Value Chain Management Practices on Organizational Performance in the Nigeria Brewery Industry

SODJE, E.E [1*], OLANNYE, A.P[2]

[*1-2]Department of Marketing and Entrepreneurship, Delta State University, Abraka

Corresponding Author: **SODJE, E.E**

Department of Marketing and Entrepreneurship, Delta State University, Abraka

Article History

Received: 27 / 12 / 2025

Accepted: 26 / 01 / 2026

Published: 08 / 02 / 2026

Abstract: The Nigeria brewery industry plays a significant role in the country's manufacturing and consumer goods sectors, contributing to employment, revenue generation and Gross Domestic Product (GDP). The study examined the effect of value chain management practices on organizational performance in the Nigeria Brewery Industry. The study adopted the cross sectional survey research design method to investigate the effect of value chain management practices on organizational performance in the Nigeria Brewery Industry. The population were restricted to individuals who possess direct involvement and expertise in Value Chain Management (VCM) in one (1) major brewery in Nigeria; Guinness Nigeria Plc Benin-City, Edo State. The total population of the study were 349 employees. The findings indicated that there was an overwhelming positivity among the variables: with inbound logistics and organizational performance, outbound logistics and organizational performance, all showed a significant effect on the dependent variable. The study concluded that efficient inbound logistics ensures that inputs and raw materials are available when needed, thereby minimizing production delays and resource wastage. It was therefore recommended that organizations should develop robust and reliable distribution channels that ensure timely delivery of goods to customers and retailers. Partnerships with reputable logistics service providers can enhance reach and efficiency.

Keywords: *value chain management practices; inbound logistics; outbound logistics; organizational performance.*

How to Cite in APA format: SODJE, E. E. & OLANNYE, A. P. (2025). Effect of Value Chain Management Practices on Organizational Performance in the Nigeria Brewery Industry. *IRASS Journal of Economics and Business Management. 3(2), 1-5.*

Introduction

The Nigerian brewing industry, a significant contributor to the nation's economy, and one of the most dynamic sectors within the country's manufacturing landscape with increasing market competition, fluctuating exchange rates, and pressure on imported raw materials, faces complex challenges and opportunities that necessitate robust value chain management practices for sustained organizational performance. This sector, characterized by its intricate network of suppliers, manufacturers, distributors, and retailers, relies heavily on efficient supply chain operations to maintain competitive advantage and meet consumer demands (Odusina, 2022).

The performance of the organization is evaluated against the set missions and vision of the company, which is very crucial to attainment of set objectives. Organizational performance is multifaceted and difficult to define and measure (Ojoajogu, et al., 2023). Complex problems that impact manufacturing companies' performance include output variability, quality problems, postharvest losses, insufficient input supply, broken supply chains, and expensive processing (Inuwa, Male & Aminu, 2023). The company under study is Nigeria-based companies active in the brewing industry. The Guinness Nigeria plc is primarily engaged in the brewing, packaging and marketing of beer and non-alcoholic malt drinks. Thus, considering that performance is a crucial objective of an organization, this study seeks to examine the extent of influence of value chain management of Guinness Nigeria plc in Nigeria.

Statement of the Problem

The primary problem with value chain management practices in Nigeria appear to revolve around inefficiencies and limitations in the supply chain system, particularly in the Brewing sector. Key issues include poor infrastructure**,** inadequate storage, and lack of coordination among actors, leading to significant losses and waste. Additionally, challenges related to raw material scarcity, high production costs, and inefficient distribution networks for finished goods hinder the growth of the Nigeria brewery industry. These factors collectively contribute to low productivity, reduced competitiveness, and limited value creation within various value chains.

The Nigeria brewery industry plays a significant role in the country's manufacturing and consumer goods sectors, contributing to employment, revenue generation and Gross Domestic Product (GDP). Several breweries in Nigeria struggle with inefficiencies across key value chain components such as procurement logistics, production and distribution. Issues such as poor supplier relationships, infrastructural bottlenecks, fluctuating input costs, weak distribution networks, and limited technological integration have contributed to increased operational costs, inconsistent product quality, and delayed market responsiveness. Moreover, the dynamic and competitive nature of the Nigerian consumer market demands agility and innovation in value chain operations. Yet, many brewery firms rely on traditional practices, lacking the data-driven systems, real-time supply chain visibility, and strategic partnerships needed to remain competitive.

Contemporary examinations on comparable themes have focused fundamentally on investigating value chains in different industries. From the above investigations, it is evinced that researchers have not focused on value chain management practices in the Nigeria Brewery Industry and its connection to performance hence the need to fill the information gap and comprehend the study topic in connecting value chain management and performance, thus the motivation behind my examination. This research therefore, seeks to answer the question "What is the effect of value chain management practices on organizational performance in the Nigeria Brewery Industry."

Objectives of the Study

The general objective of the study is to examine the effect of value chain management practices on organizational performance in the Nigeria Brewery Industry. The specific objectives include the following;

- To determine the effect of inbound logistics on organizational performance in the Nigeria Brewery Industry
- To investigate the effect of outbound logistics on organizational performance in the Nigeria Brewery Industry?

Review of Related Literature

Conceptual Review

Value Chain Management Practices

Value chain management practices are essential for achieving sustainable competitive advantage by integrating activities and relationships within the value chain. According to Porter (2001), a value chain is the process of breaking down a company into strategically important activities to understand cost behaviour and sources of differentiation. In contrast to the supply chain, a value chain model describes how companies acquire raw materials as inputs, add value to those inputs through various processes and sell finished goods and services to customers (Helmold& Terry, 2021). Value chain management practices involve a range of activities and strategies that organisations employ to maximise value creation and capture for customers. These practices affect the coordination of all parts of the value chain, from product design and production to the delivery of the final product to the consumer, thus ensuring efficiency and effectiveness throughout the process (Cennamo & Santaló, 2019).

Organizational Performance

Numerous publications and research exist in the literature that define the concept of performance in relation to environmental conditions. According to Noye (2016), performance is defined as attaining the objectives specified in the convergence of enterprise orientations. Performance, he believes, is not simply the discovery of an outcome, but rather the result of a comparison between the outcome and the objective. Profiroiu (2017) views performance as subjective and interpretive, not least since it is tied to cost lines, emphasizing the concept's ambiguity. According to Larson and Halldorsson (2016), an organizational system's performance is a complicated relationship including seven performance criteria that must be met: effectiveness, efficiency, quality, productivity, work quality, and profitability. The notion that performance is a study to be retained in perpetuity is critical to this definition. Almost every part of the business is subject to performance standards and review, and hence the organization's primary objective is to measure in order to improve continuously. These are the tenets of management disciplines such as total quality management, in which performance is defined in terms of critical revenue-generating tasks. Organizational performance measures the degree to which an operation accomplishes its objectives and fulfills client requirements (Mukhsin, Suryanto, 2022). Performance measures the degree to which a company achieves its financial, market, and organizational objectives. Organizational performance refers to the efficiency of an entity in achieving its financial and market-driven objectives (Attia, 2023). As mentioned by Sundram et al (2011); Afande (2015) there are three primary aspects which reference the performance of a firm: financial performance, market performance, and shareholder value (Musanzika, 2013).

Conceptual Framework

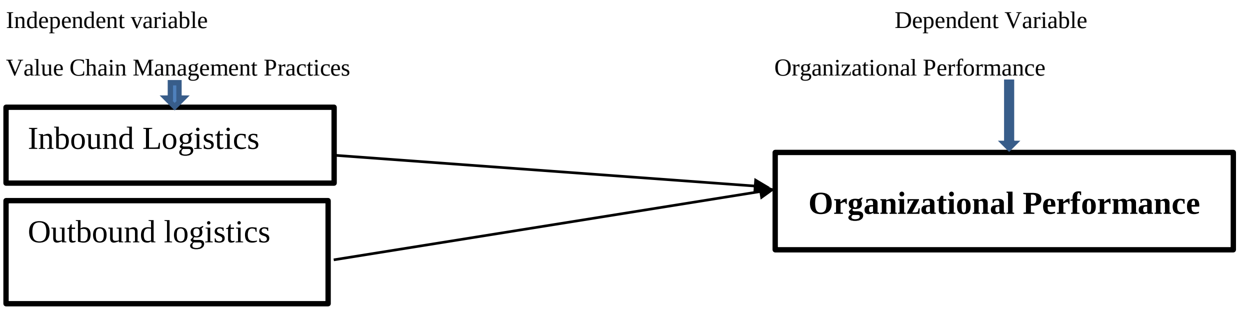

Figure 2.2: Conceptual Framework of the Study
Source: Author's Conceptual Design, 2025

Theoretical Framework

Porter's Theory of value chain identifies activities that are performed by an Enterprise to create value for its customers, and he split business activities into two categories: primary and support activities. Porter argued that the ability to perform particular activities and to manage the linkages between these activities is a source of competitive advantage.

According to Chai (2021), the primary activities in a value chain contribute to the physical creation, sale, and maintenance and support a product or service, which include: Inbound Logistics, Operations, Outbound Logistics, Marketing and Sales, and Service. Inbound Logistics involve the internal handling and management of resources coming from outside sources such as external vendors and other supply chain sources. These outside resources flowing in are called 'inputs' and may include raw materials. Operations are activities and processes that transform inputs into 'outputs', that is, the product or service being sold by the business that flows out to customers. These ‘outputs’ are the core products that can be sold for a higher price than the cost of materials and cost of production in other to make profit. Outbound logistics entails the delivery of outputs to customers and involves systems for storage, collection and distribution to customers; this includes managing a company's internal systems and external systems from customer organizations. Porter’s Theory is most relevant for this study because the Nigeria brewery industry that are engaged in the value chain management practices are carrying out all the activities of the value chain; as such, there is a need to examine the contribution of each activity to the growth of their enterprises.

Methodology

The study adopted cross sectional survey research design method. The survey research design is considered appropriate for the study because it will aid the confidentiality of data gathered from respondents and the non-manipulation of the sample elements. The sample size for this study is set at 349 participants. This number is determined based on the need to balance statistical power and practical feasibility. A sample size of 349 allows for robust statistical analysis while remaining manageable within the constraints of time and resources available for the study. It ensures sufficient variability and representation within the target population, providing reliable and generalizable results. The study employed convenience sampling method, which involves selecting participants who are readily accessible to the researchers. Primary data was collected through a 5-point Likert scale questionnaire. Data analysis was performed using multiple regression and correlation statistical analysis to test the relationship between variables.

Results and Discussion

A total of 349 copies of questionnaire were administered to the respondents drawn from the three selected breweries used for the study, of this figure, 320 copies of questionnaire (representing 92%) were retrieved while 29 copies (representing 8%) were not returned by the respondents and as such the retrieved copies of questionnaire were used for data analysis in the study.

Table 1: Value Chain Management Practices and Organizational Performance

Correlations Coefficients

Correlations				
		1	2	3
inbound logistics	Pearson Correlation	1	.234**	.249**
	Sig. (2-tailed)		.002	.000
	N	320	320	320
outbound logistics	Pearson Correlation	.234**	1	.129*
	Sig. (2-tailed)	.002		.002
	N	320	320	320
organizational performance	Pearson Correlation	.249**	.129*	1
	Sig. (2-tailed)	.000	.002	
	N	320	320	320

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

*. Correlation is significant at the 0.05 level (2-tailed).

Source: Field Survey (2025).

From the above table 4.2.8, it indicated positive correlation coefficients of the indicators of organizational performance, an indication that they are good measures of value chain management practices. The findings indicated that inbound logistics correlated positively with organizational performance (r= .255**, 0.01). The second variable being outbound logistics correlated positively with organizational performance (r= .267**, 0.01).

Table 2: Regression Analysis for Value Chain Management Practices on Organizational Performance

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.386	1.313		1.818	.071
	inbound logistics	.280	.062	.292	4.494	.000
	outbound logistics	.267	.059	.277	3.757	.000
a. Dependent Variable: organizational performance						

The B-values of value chain management practices are; inbound logistics (β= .292, p<.001), outbound logistics (β= .277, p<.001), had exhibited positive effects on organizational performance. The p-value calculated of inbound logistics (.000<0.05), outbound logistics (.000<0.05), had predicted organizational performance and statistically significant at 0.05.

Table 3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.597[a]	.357	.345	1.6246

a. Predictors: (Constant), inbound logistics, outbound logistics

Source: Field Survey (2026).

Table 3 revealed the extent to which value chain management practices accounted for change in organizational performance as indicated by the adjusted R Squared value which showed that 34.5% (0.345) of the change in organizational performance is brought about by value chain management practices.

Discussion of results

The results from table 2 revealed that there is a significant positive effect of inbound logistics on organizational performance. The results revealed that there is a significant positive effect of inbound logistics and organizational performance at 0.000. Also, the model summary table revealed that the r value is 0.597[a]. The r squared value of 0.357 depicts a near goodness of fit relationship between inbound logistics and organizational performance. The adjusted r square value on its own part shows 0.345 implies that 34.5% of the variants of inbound logistics used in this study affect organizational performance. The result from the regression analysis showed that inbound logistics exhibit a positive effect on competitive advantage ($\beta = 0\ .292$, $P > 0.05$).

The findings of the study are in line with Llorente et al. (2022) highlights the importance of inbound logistics to supply chain management. It emphasizes that efficient inbound logistics process results to low costs as well improved production schedules. The significance of effective inbound logistics for the Nigeria Brewery Industry is paramount because it ensures smooth supply volumes, required unceasing production processes and cost reduction

The results from table 2 revealed that there is a significant positive effect of outbound logistics on organizational performance. The results revealed that there is a significant effect of outbound logistics on organizational performance at 0.001. Also, the model summary table revealed that the r value is 0.597[a]. The r squared value of 0.357 depicts a near goodness of fit relationship between outbound logistics and organizational performance. The adjusted r square value on its own part shows 0.345 implies that 34.5% of the variants of outbound logistics used in this study affect organizational performance. The result from the regression analysis showed that outbound logistics exhibit a positive effect on organizational performance ($\beta = 0\ .277$, $P > 0.05$).

Conclusion

This study examined the effect of inbound logistics on organizational performance. Efficient inbound logistics ensures that inputs and raw materials are available when needed, thereby minimizing production delays and resource wastage. Furthermore, maintaining strong relationships with suppliers promotes consistency, flexibility, and responsiveness to market changes. The study concludes that inbound logistics serves as a critical driver of organizational performance by fostering smooth operations, cost efficiency, and customer satisfaction.

This study examined the effect of outbound logistics on organizational performance. The study concludes that organizations with well-coordinated outbound logistics systems are better positioned to respond swiftly to customer demands, maintain product availability, and strengthen their market competitiveness. Conversely, weak outbound logistics often led to delivery delays, higher transportation costs, and reduced customer trust. Therefore, outbound logistics play a strategic role in linking production outputs to end-users, thereby contributing directly to profitability, market share, and long-term growth.

Recommendations

Based on the findings of the study, the following recommendations were made:

- Staff involved in logistics should receive continuous training on modern supply chain practices, negotiation skills, and data-driven decision-making to improve efficiency and responsiveness.
- Organizations should develop robust and reliable distribution channels that ensure timely delivery of goods to customers and retailers. Partnerships with reputable logistics service providers can enhance reach and efficiency.

References

1. Acholo, O. J., Emmanuel, B. A., Olaitain, A. S. &Udoh, M. S. (2024). Impact of Production Planning On Operational Effectiveness of Manufacturing Industries in Nigeria. International Journal Of Engineering Research And Development. 20(12), 164-173
2. Adesunkanmi, S. &Nurain, S. (2022). Empirical study of Logistics Outsourcing practices and Firm Productivity of selected Manufacturing Companies in Nigeria. Open Journal of Business and Management, 10, 3327-3341.
3. Agar, Q. &Nyongesa, D. N. (2024). Value Chain Analysis and Organizational Performance in Coca-Cola Company in Kenya; A Qualitative Analysis. The International Journal of Research and Innovation in Social Science (IJRISS), VIII(VII), 784-805
4. Asa Romeo Asa, Narikutuke N., Johanna P. Nautwima, & Diana T. (2023). Supplier Relationship Management and Organizational Performance: A Focus on Public Procurement. Volume DOI: 10.18775/ijmsba.1849-5664-5419.2014.96.1003
5. Ayozie, E. A., &Uchegbulam, I. S. (2025). The Role of Technology in Enhancing operational Efficiency in Selected Brewery Firms in South-East Nigeria. IIARD International Journal Of Economics And Business Management, 11(3), 246-266
6. Best, D, &Nisic, M (2022). Individual Paths to Recovery from Substance Use Disorder (SUD): What Are the Implications of the Emerging Recovery Evidence Base

for Addiction Psychiatry and Practice? Psychiatr Clin. 45(3), 547-556.

7. Büchi, G., Cugno, M. & Castagnoli, R., (2020). Smart Factory Performance and Industry 4.0. Technological Forecasting & Social Change, 150(January), pp. 1-10.
8. Business Day. (2023). Nigerian Breweries invests N78bn in local sourcing of rawmaterials*. https://businessday.ng
9. Castro, H., Câmara, F., Câmara, E., Ávila, P. (2024). Digital Factory for Product Customization: A Proposal for a Decentralized Production System. Lecture Notes in Mechanical Engineering, pp. 879-886.
10. Chen, Z, Mirza, N, Huang, L, & Umar, M (2022). Green banking—can financial institutions support green recovery? Econ Anal Policy.75, 389-395.
11. Coleman, U. C., Eze, F. O., & Orga, C. C. (2025). Effect of supply chain management on performance of Nigeria breweries and 7up Company. Journal of Current Research in Business and Management Sciences, 13(1), 79-99
12. Dibua, E. C., Anekwe, R., &Okechukwu, O. M. (2023). Production Planning and Operational Cost in Brewing Firms in Anambra State. International Journals of Economic and Business Management, 11(3), pp. 75- 84
13. Ekpudu, J. E., Izediuno, O. L., Cardoso, O. O., &Odigie, M. E. (2022). The Effect of Production Planning and Control on Organisational Performance in the Nigerian Cement Manufacturing Industry. Global Journal of Accounting, 8(1), 31-45.
14. Finch, K (2023). Assessing disaster recovery programme maturity: A practical approach. J Bus Contin Emer Plan. 17(1), 31-38
15. Gao, J, Yao, L, Xiao, X, & Li, P (2022). Recover from failure: Examining the impact of service recovery stages on relationship marketing strategies. Front Psychol. 13, 852306
16. Guinness Nigeria. (2025). Guinness Breweries Annual Report (various issues). Annual report and financial statements- Retrieved from https://www.guinness-nigeria.com
17. Guinness Nigeria. (2025). https://businessday.ng/companies/article/guinness-reports-n16-2bn-h1-profit-stocks-up-51-53-ytd/

.

18. Idowu, G. T., &Faarouq, S. M. (2024). The Effect of Logistics Management on Firm Performance in Selected Food and Beverage Firms in Lagos State, Nigeria. IRE Journals, 8(4), 224-244
19. Inyo, N. &Githii, W. (2022) Quality Management, Customer Inputs and Operational Complexity in Knowledge-Based Service Operations. Journal of Service Science and Management, 15, 226-255.
20. Mekonnen, G. (2020). The Effect of Outbound logistics on organizational performance the case of Ethiopian Airlines Maintenance, Repair and Overhaul (MRO). Masters of Logistics and Supply Chain Program, Addis Ababa University
21. Mwizerwa, J. (2024). Effect of Logistics Management Practices on Organisational Performance in Rwanda - A Case of Gorilla Logistics Limited. International Journal for Research Trends and Innovation, 9(5), 148-158
22. Obialor, D. C. &Anietie, P. A. (2024). Technological Capabilities and Product Innovation in the Beverage Industry in Nigeria (A Study of Nigeria Breweries Plc Awo – Omanma, Imo State). IIARD International Journal of Economics and Business Management, 10(2), 163-172
23. Odusina, S.D. (2022) Supply Chain Management: Empirical Case Study of a Small-Scale Manufacturing Company in Nigeria. DOI: 10.4236/ojbm.2022.104085
24. Sazzadur, R. K., &Vichayanan, R. (2022). The effects of inbound logistics capability on firm performance. Journal of Entrepreneurship Education, 22(2), 1-10
25. Sriphong,C., Esor,A., &Kachonkitiya, N.(2022). Value Chain Management and Business Performance of One Tambon One Product Businesses in the Southernmost Province of Thailand. Journal of Positive School Psychology. http://journalppw.com 2022, Vol. 6, No. 4, 8706–8720
26. Tyapukhin, A.P. (2023). Value chain management versus supply chain management. International Journal of Management Concepts and Philosophy, 16(4), 335–353. https://doi.org/10.1504/IJMCP.2023.133790