Yarmouk University
Faculty of Economic and Administrative Sciences
The Department of Business Administration

The Impact of Supply-Chain Management Capabilities on Business Performance of Industrial Organizations in Republic of Yemen: A Field Study

Prepared By: Hussein Mohammed Esmail Abu-Al Rejal
B.Sc. Business Administration, Yarmouk University, 2003 Jordan

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COMMITTEE MEMBERS

1. Dr. Jamal D. Abu-Doleh Head and Supervisor

2. Dr. Loay M. Salhieh Supervisor Assistance

3. Dr. Abdulrasool Al-Hayan Member

4. Dr. Mahmood Bedir Alobidy Member
Abstract

The Impact of Supply-Chain management Capabilities on Business Performance of Industrial Organizations in Republic of Yemen: A Field Study

Prepared By:
Hussein M. I. Abu-Al Rejal

Supervised by:
Dr. Jamal D. Abu-Doleh
Dr. Loay Salkieh

Supply chain management SCM has become one of the main important phenomena invading the world of business. Continuous changes in the state of knowledge, rapid advancements in technology, intense competition, and globalization have forced organizations in different industries especially industrial organizations to adapt SCM in a serious attempt to survive and to obtain competitive advantage.

The aim of this study is to identify the level of impact of supply chain management capabilities on business performance of industrial organizations in Republic of Yemen, and the main obstacles that hinder the practicing for Supply chain management capabilities.

To collect data, a sample of 48 Yemeni industrial organizations is taken and a questionnaire developed and distributed to the top managers of these organizations. Out of the 48 questionnaires distributed, 39 were returned and used in analysis. Statistical package for social sciences (SPSS) and MINITAB statistical analysis are used to analyze the collected data.

The most salient findings of this study are:

1- The industrial organizations have high level of practicing SCMCs, with mean score (4.12).

2- The most important obstacles that hinder the process of applying SCMCs in YIOs, which scored as a moderate level of hindrance, they arranged as following:
Suppliers’ and Customers’ geographical distance from own facilities, competition from other supply chains, Lack of sophisticated information system for information sharing among supply chain members, Lack of
interest among the suppliers or customers to participate in the supply chain, Lack of ability in managing inventories throughout the entire supply chain, and Firm’s lack of leverage within the supply chain.

In addition to these obstacles for applying SCMC, these two obstacles have low level of hindrance for practicing SCM, that are Lack of cooperation among supply chain member, and Lack of trust among supply chain member.

3- There is a significant positive relationship between practicing outside-in capabilities and practicing for inside-out capabilities. This means that if level of practicing for outside-in capabilities increased, the level of practicing inside-out capabilities will increase.

4- There is no a significant positive relationship between organization’s inside-out capabilities, and level of perceived product value, customer loyalty, market performance, and financial performance.

5- There is a significant positive relationship between spanning capabilities, and outside-in capabilities.

6- There is a significant positive relationship between spanning capabilities, and inside-out capabilities.

7- There is a significant positive relationship between spanning capabilities, and level of perceived product value, customer loyalty, market performance, and financial performance.

Based on the findings of this study, YIOs are recommended to do the following:

1- YIOs managers are encouraged to adopt and utilize best practice of SCM in their organizations. Particularly when it proved its merits and contribution to the business performance.

2- YIOs managers are advised to create a department assigned to manage the related elements and decisions of SCM as a base for reaching and achieving SC collaboration.

3- YIOs managers must terminate the obstacles that hinder SCM practicing, through providing sophisticated information system for information sharing among supply chain members, enhancing the cooperation among supply chain member, motivating suppliers and customers to participate in the supply chain, and adopting new techniques in managing inventories throughout the entire supply chain.

4- YIOs managers are encouraged to attend training programs in the field of supply chain management. This will enable them to understand how to participate and practice SCM in their organizations.

5- YIOs which are seeking to obtain SC, must focus on the three interrelated capabilities of SCM as an enabler for gaining a competitive advantage.

6- YIOs managers are encouraged to cooperate with local Yemeni universities in terms of suggesting courses that can positively influence fresh graduates’ contribution and knowledge.