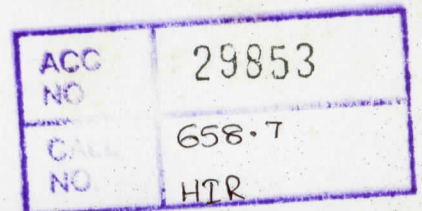


RESEARCH ON SUPPLY CHAIN ORIENTATION, SUPPLY CHAIN MANAGEMENT AND BUSINESS PERFORMANCE; THE CASE IN MAS HOLDING GROUP OF COMPANIES IN SRI LANKAN APPAREL INDUSTRY

By

Suneth Chaminda Hirimuthugoda

(RJT/MBA/2008/080(A))



A Research Paper submitted to the Faculty of Management Studies, Rajarata University of Sri Lanka in Partial fulfillment of the requirement for the Degree in Master of Business Administration.

**Mihintale, Sri Lanka
2013**

Abstract

When considering the organizations position in the external environment it is full of competition with rivals. In order to compete with rival's managers need to improve their Business Performance. Strategies are key business tools to manage the business in more profitable position and consist of the combination of competitive moves and business approaches. This study completes the testing the dimensions of "Supply Chain Orientation", "Supply Chain Management" and "Business Performance" with respect to literature sited.

The goal of this study was to identify the relationship of "Supply Chain Orientation", "Supply Chain Management" and "Business Performance" based on literature, In order to examine to what extent MAS Holding implements the "Supply Chain Orientation" and practicing the "Supply Chain Management" and to examine the relationship between "Supply Chain Orientation", Supply Chain Management and "Business Performance" in MAS Holding companies.

The developed conceptualization of SCO, SCM and BP satisfied the criteria of the tests of reliability, correlation, association, and mediation through series of statistical analyses.

The association between "Supply Chain Orientation" and "Supply Chain Management" is recorded positive relationship. The association between "Supply Chain Orientation" and "Business Performance" also recorded positive relationship. The "Supply Chain Management" and "Business Performance" as well recorded the positive relationship which indicates that successful implementation of "Supply Chain Orientation" and best practices of "Supply Chain Management" impacted enhanced "Business Performance" in MAS Holding Companies

The concepts, of SCO and SCM, are strategic in nature and, thus, this paper is not intended to provide a detailed activity list for implementing a SCO and SCM for a day to day operational level. Although managers should benefit from this study to clarify which strategic level activities should be actualized within the individual firms and across the firms. Within the supply chain managers are encouraged to be creative to come up with specific, everyday activities that fit in the strategic level implementation of SCO and SCM.

Contents

CHAPTER 1 - INTRODUCTION	9
1. BACKGROUND.....	9
1.1. Supply Chain Management (SCM).....	9
1.2. Supply Chain Orientation (SCO).....	10
1.3. The Importance of SCO for Business Performance.....	10
1.4. The Importance of SCO and SCM for Business Performance.....	10
2. PROBLEM STATEMENT.....	11
3. RESEARCH QUESTIONS AND OBJECTIVES.....	12
3.1. Research Questions.....	12
3.2. Research Objectives.....	12
4. SIGNIFICANCE OF THE STUDY.....	12
5. METHODOLOGY.....	13
6. RESEARCH LIMITATIONS.....	14
7. CHAPTERIZATION OF THE RESEARCH.....	14
7.1. Chapter 1: Introduction to the study.....	14
7.2. Chapter 2: Literature Review.....	14
7.3. Chapter 3: Methodology.....	15
7.4. Chapter 4: Result and Discussions.....	15
7.5. Chapter 5: Conclusions and Recommendations.....	15
CHAPTER 2 - LITERATURE REVIEW	16
1. INTRODUCTION TO LITERATURE.....	16
2. DEFINING SUPPLY CHAIN MANAGEMENT.....	17
3. REVIEW ON THE AVAILABLE THEORIES AND MODELS.....	23
3.1. Supply Chain Orientation.....	23
3.2. Supply Chain Orientation Indicators.....	24
3.3. Supply Chain Orientation Activities.....	28
3.4. Supply Chain Management.....	31
3.5. Supply Chain Management as a Set of Management Processes.....	33
3.6. Supply Chain Management Activities.....	33
4. CRITICAL REVIEW ON THE CURRENT PROBLEM.....	35
4.1. Organizational Scope of Supply Chain Orientation, Supply Chain Management and Business Performance.....	35
4.2. Functional Scope of Supply Chain Orientation, Supply Chain Management and Business Performance.....	36
4.3. Supply Chain Management Integrations.....	37
4.4. Consequences of Supply Chain Management.....	39
4.5. Supply Chain Management, Supply Chain Orientation and Business Performance.....	40
4.6. Business Performance.....	45
4.7. Conceptual Model.....	49
CHAPTER 3 – METHODOLOGY	50
1. INTRODUCTION TO THE CHAPTER.....	50
2. STUDY SETTING.....	50
3. RESEARCH METHOD.....	50
4. CONCEPTUAL MODEL AND THEIR MEASUREMENT OF VARIABLES.....	51
4.1. Validation of Measurement Properties.....	52
4.2. Conceptualization and Operationalization.....	52
4.3. Supply Chain Orientation Operationalization.....	52
4.3.1.1. Trust.....	53
4.3.1.2. Commitment.....	54
4.3.1.3. Organization Compatibility.....	54
4.3.1.4. Co-operative Norms.....	55
4.3.1.5. Top Management Support.....	55
4.3.2. Conceptualization of Supply Chain Management.....	56
4.3.2.1. Information Sharing.....	56

4.3.2.2.	<i>Co-operation</i>	57
4.3.2.3.	<i>Shared Risk & Rewards</i>	57
4.3.2.4.	<i>Inter Functional Co-ordination</i>	58
4.3.2.5.	<i>Integration of Key Process</i>	58
4.3.3.	<i>Conceptualization of Business Performance</i>	59
4.3.4.	<i>Operationalization of Business Performance</i>	59
4.3.4.1.	<i>Availability</i>	59
4.3.4.2.	<i>Variety of Product Offering</i>	59
4.3.4.3.	<i>Time Lines</i>	60
4.3.5.	<i>Summary of Dimensions, Indicators and Measurement Scale</i>	61
4.3.6.	<i>Questionnaire Administration</i>	63
4.4.	<i>Hypothesis</i>	64
4.5.	<i>Population and Sampling Procedure</i>	65
4.6.	<i>Data Analysis and Presentation</i>	65
CHAPTER 4 - RESULT AND DISCUSSIONS		66
1.	INTRODUCTION.....	66
2.	VALIDATION OF MEASUREMENT PROPERTIES.....	67
THE RELIABILITY TEST (CRONBATCH'S ALPHA).....		67
3.	DEGREE TO WHICH MAS HAS IMPLEMENTED THE SUPPLY CHAIN ORIENTATION.....	68
3.1.	<i>Respondent Evaluation on "Trust" dimension</i>	68
3.2.	<i>Respondent Evaluation on "Commitment" dimension</i>	68
3.3.	<i>Respondent Evaluation on "Organizational Compatibility" dimension</i>	69
3.4.	<i>Respondent Evaluation on "Co-operative Norms" dimension</i>	70
3.5.	<i>Respondent Evaluation on "Top Management Support" dimension</i>	70
3.6.	<i>Respondent Evaluation on Supply Chain Orientation</i>	71
3.7.	<i>One Sample KS Test on Responsiveness to "Supply Chain Orientation"</i>	72
4.	DEGREE TO WHICH MAS IS PRACTICING THE SUPPLY CHAIN MANAGEMENT.....	72
4.1.	<i>Respondent Evaluation on "Information Sharing" dimension</i>	72
<i>(Table – 11)</i>		73
4.2.	<i>Respondents evaluation on "Co-operation" dimension</i>	73
4.3.	<i>Respondents evaluation on "Shared Risk & Reward" dimension</i>	74
4.4.	<i>Respondents evaluation on "Inter Functional Co-ordination" dimension</i>	74
4.5.	<i>Respondents evaluation on "Integration of Key Process" dimension</i>	75
4.6.	<i>Respondents evaluation on "Supply Chain Management"</i>	75
4.7.	<i>One Sample KS Test on Responsiveness to "Supply Chain Management"</i>	76
5.	HYPOTHESIS I: ASSOCIATION BETWEEN "SUPPLY CHAIN ORIENTATION" AND "SUPPLY CHAIN MANAGEMENT".....	77
5.1.	<i>Supply Chain Orientation and Supply Chain Management Cross tabulation</i>	77
5.2.	<i>Kendall's Tau-C - Symmetric Measures</i>	77
6.	HYPOTHESIS II: ASSOCIATION BETWEEN "SUPPLY CHAIN ORIENTATION" AND "BUSINESS PERFORMANCE".....	78
6.1.	<i>Supply Chain Orientation and Business Performance Cross tabulation</i>	78
6.2.	<i>Kendall's Tau-c - Symmetric Measures</i>	79
7.	HYPOTHESIS III: ASSOCIATION BETWEEN "SUPPLY CHAIN MANAGEMENT" AND "BUSINESS PERFORMANCE".....	79
7.1.	<i>Supply Chain Management and Business Performance Cross tabulation</i>	79
7.2.	<i>Kendall's tau-c -Symmetric Measures</i>	80
<i>(Table – 23)</i>		80
8.	HYPOTHESIS IV: ASSOCIATION BETWEEN "SUPPLY CHAIN ORIENTATION", "SUPPLY CHAIN MANAGEMENT" AND "BUSINESS PERFORMANCE".....	80
8.1.	<i>Pearson correlation - Supply Chain Orientation & Supply Chain Management</i>	80
8.2.	<i>Pearson correlation - Supply Chain Orientation & Business Performance</i>	81
8.3.	<i>Pearson correlation - Supply Chain Management & Business Performance</i>	82
9.	THE "SUPPLY CHAIN ORIENTATION" MEDIATING EFFECT ON "BUSINESS PERFORMANCE".....	82
CHAPTER 5 – CONCLUSION AND RECOMMENDATIONS		84
1.	CONCLUSION.....	84
2.	RECOMMENDATIONS.....	87
REFERENCES		92