The impact of supply chain management practices on the organizational performance of basic metal and engineering industries in Ethiopia

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MASTERS DEGREE IN BUSINESS LEADERSHIP,
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By
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January 2012
CONSENT TO SUBMIT
RESEARCH REPORT

Consent is hereby given to:-

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DATE
DECLARATION

I, Dereje Asfaw Woldemichael, declare that “The impact of supply chain management practices on the organizational performance of basic metal and engineering industries in Ethiopia” is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete references.

_Dereje Asfaw Woldemichael_  
Name

_____ January 2012 _____  
Date
AKNOWLEDGEMENT

Above all, I thank God Almighty who stands by me in all aspects of my life, and gave me strength to accomplish this study.

I would like to express my gratitude to my advisor, Dr. Douglas Boateng for his valuable guidance and supervision throughout this research work.

Last but not least, I would also like to thank all the employees and companies who helped me and willingly agreed to give me the necessary information while I was collecting data.
ABSTRACT

Today organizations are facing different kinds of challenges as they are operating in a dynamic global market. Due to the lack of proper knowledge and skill in management, shortage of capital, weak infrastructure etc. the challenge is more intensive for organizations situated in developing countries like Ethiopia. Therefore, such organizations have to seek for alternative ways to improve their business activities in order to compete in the global market.

Supply Chain Management (SCM) is one of the most effective ways that many organizations like Wall-Mart have managed to achieve best organizational performance. In the Ethiopian business context, especially in Basic Metal and Engineering Industries (BMEIs), the concept of SCM should be well understood and practiced because these industries are the backbone of other growing industries in the country.

The basic objectives of this research are (1) to assess the level of implementation of SCM practices in Ethiopian BMEIs, and (2) to analyze the relationship between SCM practices and organizational performance in the same industries.

The study starts with the introduction of manufacturing industries in Ethiopia and then in-depth literature review was conducted. Future more using descriptive survey (quantitative) research design, a total number of 90 questionnaires were sent to 30 BMEIs and 54 completed questionnaires were received from respondents.

To test the relationship between supply chain management practices and organizational performance, four key dimensions of SCM practices (strategic supplier partnership, customer relationship, quality and degree of information sharing and internal lean practices) were used as independent variables accompanied by different measurement instruments under each variable, while market and operational performance variables were to measure the organizational performance.

The research findings show that the implementation of SCM practices in BMEIs is weak. In addition to that, except the internal lean practices, the other SCM practices have no relationship with organizational performance. It is also noted that internal lean practice
has a positive impact on the organizational performance of BMEIs. Therefore, the study concluded that modern SCM theories and practices are not well understood and practiced as a means of improving organizational performance in the sector yet.

Finally, the study recommended that both theoretical and practical SCM training is essential for those managers and decision makers to develop efficient SCM in the sector.
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<td>CSA</td>
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<tr>
<td>FDRE</td>
<td>Federal Democratic Republic of Ethiopia</td>
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<td>International Standard of Industrial Classification</td>
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<td>Just-in-time</td>
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<td>LMSMI</td>
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<td>N.E.C.</td>
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<td>ROI</td>
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