

Development of Supply Chain Enablers by Dr. Mohammad Asif Salam

ABSTRACT

The objective of this research is to understand the relationship between supply chain enablers and firm performance in the Thai garment industry. The research focuses on theoretical and practical perspectives of supply chain management in Thailand. This is investigated through the use of two research questions: Is there any mediating effect of competitive advantage on the relationship between supply chain enablers and firm performance? Is the relationship between the supply chain enablers and firm performance similar across firm size (e.g., SMEs and Large firms)?

To address these concerns, the supply chain enablers contributing to competitive advantage and firm performance were first identified utilizing the existing literature. The findings of the literature review revealed that, in total, four enablers were identified as essential to firm performance. The importance of these enablers, however, is rather different among the industry practitioners, suggesting that specific industry enablers can play an important role in enhancing the firm performance within a particular industry, a notion that has been ignored in past research.

A cross-sectional survey was thereafter conducted using data collected from supply chain managers or the equivalent who worked for Thai garment companies to determine the impact of the supply chain enablers on firm performance. First, the synthesized model depicting the relationships among supply chain enablers and firm performance was tested. The empirical evidence supports the theory that competitive advantage is a mediating variable in the relationship between supply chain enablers and firm performance, has been presented.

The findings reveal that the proposed model has a significant mediating effect of competitive advantage as well as a significant moderating effect of firm size (e.g., SMEs and large). In terms of the causal path model, IT capabilities and supply chain integration are the key enablers contributing to firm performance. On the other hand, it revealed that supply chain integration is the only key enabler contributing to competitive advantage. To analyze the effect of firm size it reveals that, in the SME model both IT capabilities and supply chain integration are significant paths relating to both

competitive advantage and firm performance; while in the large firm model it is only supply chain integration that has a significant path relating to competitive advantage; again both IT capabilities and supply chain integration are significant paths contributing to firm performance. The findings also reveal that integration is the dominant supply chain enabler of garment industry in Thailand. “Speed”, “responsiveness”, and “cost” are some of the most important factors affecting firm performance. The most critical set of the supply chain enablers contributing to firm performance is found to be a combination of IT capabilities and integration via competitive advantage. In other words having an IT capability makes an SME market-winner, while it is a market-qualifier for the large firms. This study demonstrated that, firms need to incorporate supply chain orientation into their companies’ business strategy and supply chain should be an absolute core of a firms’ business model.

This research presented a general methodology for the identification of the supply chain enablers for garment industry in Thailand, while proposing a set of strategies for enhancing firm performance through managing the supply chain. The outcomes of this study are useful in designing and developing supply chain enablers suited to a particular industry context. Furthermore, despite sense of growing strategic importance of supply chain most firms have faced various operational challenges in enhancing their firm performance. This study will also enable Asian managers understanding of the levers of supply chain management – where the global supply chain begins. Hence, this dissertation has conceptually established the meaning of a set of supply chain enablers, empirically validated and grounded them in literature. Thus, it contributes to the theory development on supply chain enablers.

In summary, this research advanced our understanding of the nature supply chain enablers and their impact on competitive advantage and firm performance. The proposed structural model of firm performance was also empirically validated using Structural Equation Modeling (SEM) or Linear Structural Relationships (LISREL). Findings from the study provided insights into the changes of relative influences of supply chain enablers when taking into account the size of the firms (e.g., SMEs and large). Also findings suggested, firms must understand their desired positioning in the industry and develop close collaboration with buyers. The study concluded with theoretical contributions, managerial implications, limitations and future research directions.