

Achieving Competitive Advantage by Using Supply Chain Strategies

Seminar of Business Administration
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Abstract

- The focus of this seminar is to identify the relationship between supply chain strategies and competitive advantage in Alsamah Hosiery Company, Syria. The result showed supply chain strategies has positive relationship on the company's competitive advantage. Also, there is significant effect between supply chain strategies and competitive advantage.
- ***Keywords:*** Supply Chain, Vertical Integration Strategy, External Supply Strategy.



Research Objectives

1. To identify the latest developments in the domain of supply chain within the production, operations, and marketing field.
2. To know the strategies that is related to supply chain.
3. To expose the competitive dimensions used in the factory understudy.
4. Diagnosis of relationship and impact between supply chain strategies competitive advantage in the company studied.



The concept of the supply chain

- **SCM** is functions, activities, and facilities that contain production and delivery of the product or service from raw materials to the end user, including supply, demand prediction, procurement, inventory management, information, quality assurance and scheduling Production, distribution, delivery and customer service.

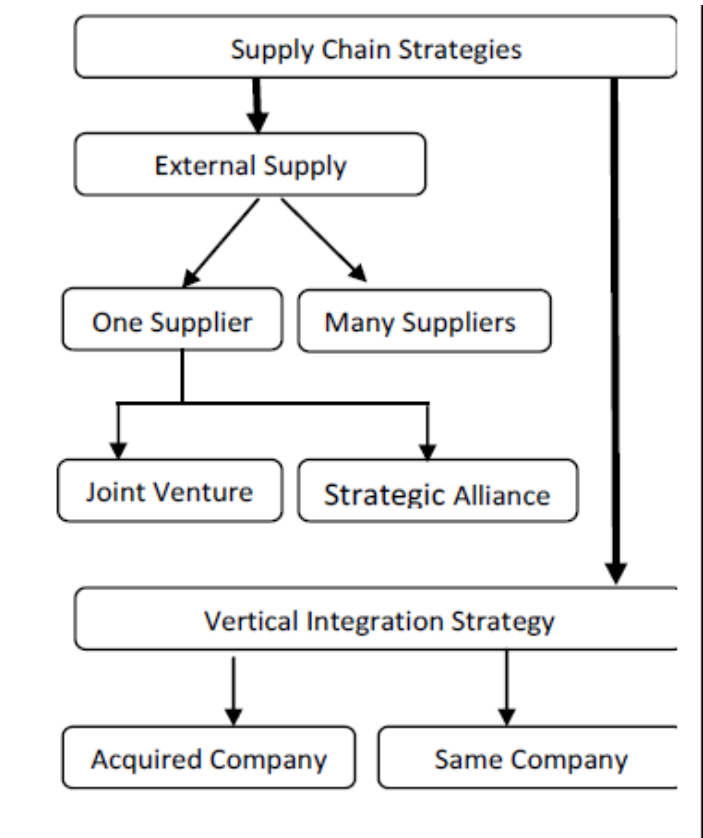




Supply Chain Strategies

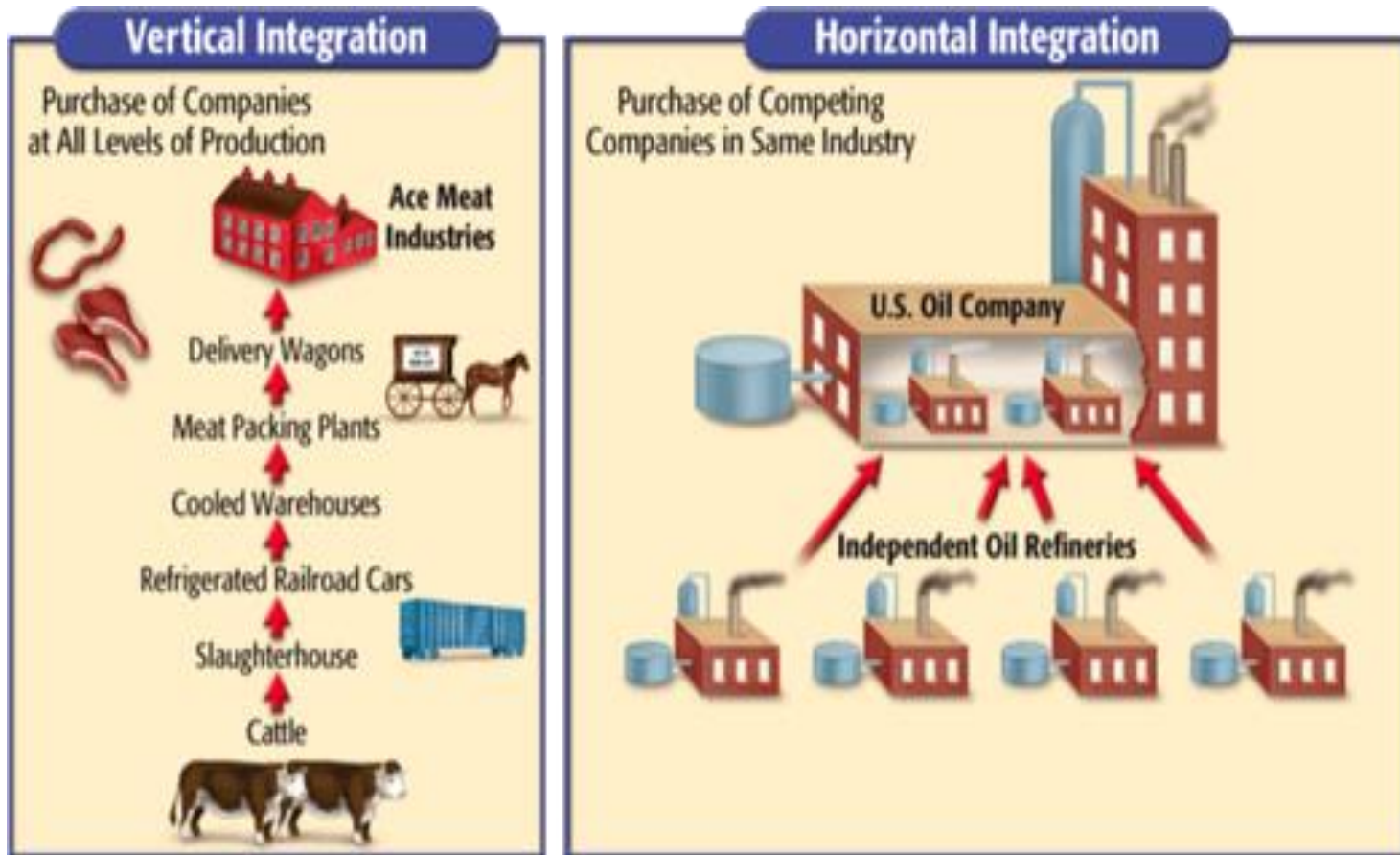
Vertical Integration Strategy: an expansion of the organization's potential in offering products and services. backward vertical integration toward sources of supply and forward vertical integration towards customers

External Supply Strategy: the process of moving traditional internal activities of organizations and their resources to external suppliers as a part of the organizations orientation toward the benefit from the competencies .



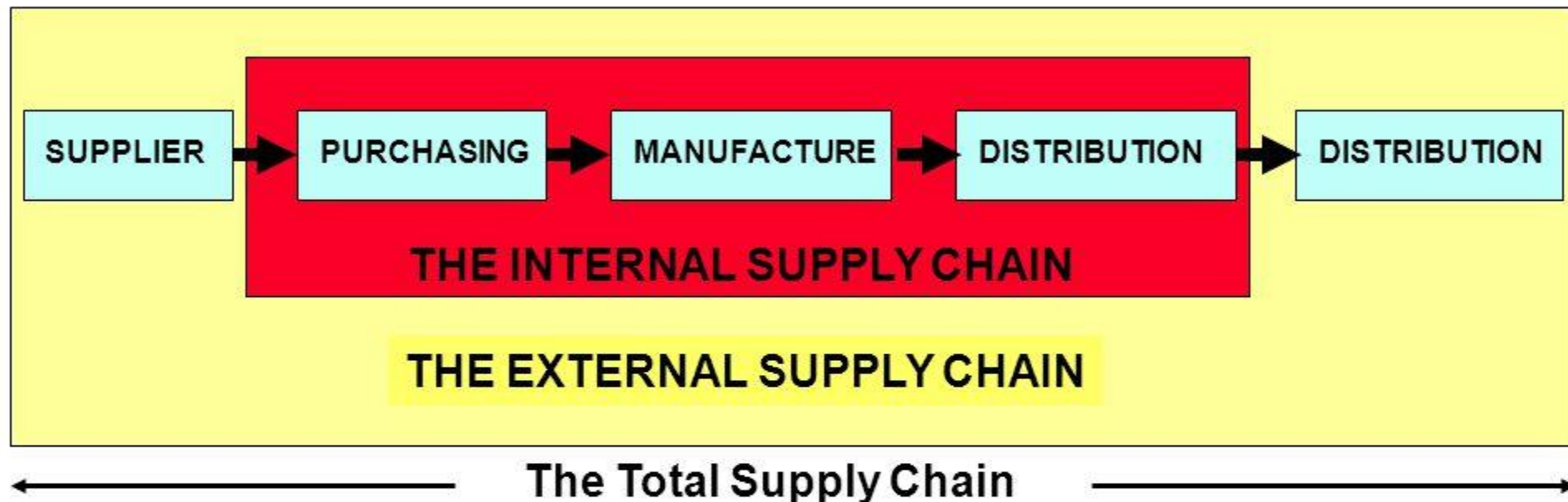


Vertical Supply Chain



Scope of the Supply Chain

INTERNAL & EXTERNAL SUPPLY CHAIN



- Internal SC: within and control of the business
- External SC: outside and not under the control of the business



Research Hypothesis

1. H0: Vertical integration strategy has no effect on competitive advantage.
 - H1: Vertical integration strategy has an effect on competitive advantage.
2. H0: Supply chain strategies has no effect on competitive advantage.
 - H1: Supply chain strategies has an effects on competitive advantage.



Methodology

- The researcher used a questionnaire as a tool to measure the study variables prepared for this purpose.
- five points Likert scale also used to complete the statistical analysis process.
- (33) questionnaire were distributed to number of department managers at the factory, from which (30) valid forms were returned for analysis. Thus, the recovery rate was 91%, which is considered high.



Statistical Tools

- (a) Arithmetic mean (\bar{X}) to find the level of responses to study variables
- (b) Standard Deviation (S.D) to measure the degree of dispersion of the values of the responses to their arithmetic mean.
- (c) Pearson Correlation Coefficient (R) to measure the relationship between study variables.
- (d) Simple Regression (S.R) to know the behavior of the dependent variable in light of its effect on the independent variable.
- (e) Correlation Coefficient (R^2) which is the square of correlation coefficient and it is used to illustrate the variance in the dependent variable .



Correlation between vertical integration and competitive advantage

Competitive advantage X / Y	R	R ²	b	F
Vertical integration	.67*	.45	.227	22.9

* The correlation is significant at 0.05.

Correlation between vertical integration strategy and competitive advantage is a positive relationship with a significant at (.05), and the coefficient score of (45%) which indicates that there are changes in competitive advantage in the factory by (45%) due to the change in the vertical integration strategy as well as the significant linear relationship between the dependent variable (the competitive advantage) and the independent variable (the vertical integration strategy), where the value of F was (22.90) at the significance level of (.05) and (b) indicate that the vertical integration strategy leads to a change in the competitive advantage where (b=.227). Therefore, we rejected the null hypothesis $H_0: B = 0$ and accepted the alternative hypothesis $H_1: B \neq 0$.



Analysis of variance ANOVA for vertical integration

Model	Sum of Squar	Df	MS.	R ²	F	Sig
Regression	28.43	1	28.43	.45	22.9	.05
Residual	34.75	28	1.24			
Total	63.19	29				

From table above we observed that the model interprets only (45%) of total deviations and this is seen from the value of the coefficient. Also noted a relative increase in the value of mean squares reaching (1.24). Also a (55%) of the deviations could not be explained, since they are due to variables other than what was Included in the model.



Correlation between external supply strategy and competitive advantage

Competitive advantage X / Y	R	R ²	b	F
External supply strategy	.81**	.65	.352	53.39

** The correlation is significant at 0.01.

The correlation between the external supply strategy and competitive advantage is a positively related with a correlation of (.81) at the significant level of (.01). Also noted a linear relationship between the dependent variable (the competitive advantage) and the independent variable (external supply strategy). This lead us to reject the null hypothesis that no effect exists between competitive advantage and external supply strategy.



ANOVA for external supply strategy

Model	Sum of Square	Df	MS	R ²	F	Sig
Regression	37.94	1	37.94	.65	59.39	.01
Residual	21	28	.75			
Total	58.94	29				

It is clear from table (7) that (65%) of total deviations and this is confirmed by the value of the coefficient also noted that the average error of mean square is (.75), this is less than the proportion of the first model and shows true regression model, and there are (35%) of deviations not explained because they belong to other variables not included in the model.



Conclusions

1. There is a moderate positive correlation between the (vertical integration strategy) and competitive advantage.
2. Also, the results of the regression analysis for (external supply strategy) showed more favorable of the data.
3. Finally, The results of simple regression analysis showed rejection of the null hypothesis and acceptance of alternative hypotheses and there is significant effect between supply chain strategies and competitive advantage. The external supply strategy ranked first in impact.



Recommendations

1. The company top managers should design efficient and functional supply chain model if they are pursuing to achieve profits and reduce costs.
2. They need to adopt competitive standards in the selection of suppliers (cost, quality and fast delivery).
3. Emphasize the need of building a long-term relationships with suppliers and direct the relationship towards partnership.
4. Top managers of the company must used the external supply strategy, and focus on multiple sources of procurement because it galvanize continuous improvement in operations as a result of trade-offs with suppliers.