

An Empirical Study on Supply Chain Practices and Their Effect on Financial Performance: A case from Egypt

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Abstract

Managing supply chain is one of the big tasks for enterprises with sustaining the competitive advantages that reflected in their bottom-line financial figures. Therefore, this research aims at exploring the impact of supply chain practices i.e. supply chain integration, complexity management, aligning strategy and supply chain, IT with process improvement, and operational innovation on the financial performance i.e. Return on Assets (ROA) and Return of Equity (ROE) of different manufacturing companies in the Egyptian market. Qualitative and quantitative approaches have been followed to use theories and literature to cover the supply chain concepts and practices in order to test it empirically. In addition, research data was collected from 98 managers who are representing 14 manufacturing companies, which are registered in the market of Egypt Stock Exchange from the year 2005 to 2010. In addition, secondary data on financial performance of the participated companies were obtained from their websites and/or other publications. Research findings indicate a strong relationship between supply chain practices and bottom-line profits of an organization. In addition, the supply chain managers decrease the use of large fixed assets such as plants, warehouses and transportation vehicles in the supply chain. Results yield useful insights to both academics, and corporate practitioners about the importance of synthesizing supply chain with financial performance.

Keywords

Supply Chain Practices, Financial Performance, Active Listed Firms, Developing Countries, Egypt.