

A STUDY ON THE FACILITIES LOCATIONS AND TRANSPORTATION ACTIVITIES IN THE SUPPLY CHAIN MANAGEMENT ON FIRM'S PERFORMANCE

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ABSTRACT

Purpose

The main objective of this paper is to study the effect of facility location and transportation factors in the supply chain management practice on firms' performance.

Methodology

To realize the specified objective of the paper data were gathered from 196 respondents in seven companies operating under three different types of industries operating in Ethiopia. Before applying Confirmatory Factor Analysis in AMOS, explanatory factor analyses were made by principal components analysis in SPSS to prove whether the respondents correctly understand and filled the survey. Further, reliability and validity test were made and proved that the results are satisfactory to proceed. To answer the research objective three hypotheses proposed and tested by structural equation modelling (SEM).

Result

The result indicates that facility location and transportation factors in the supply chain management have direct and significant effects on organizational performance. Further, the result also show the existence of indirect effects of location factors on firms performance when transportation factors acts as intermediary variable between facility location and organizational performance.

Conclusions

In general, the result of this study theoretically fill the gap of literature in the specified area of study in developing countries; and practically the result allows the companies under considerations to use the result of the study to improve current performance and to use the result as inputs in planning locations decisions in case of business expansion or new business development. The novel contribution of this study is its examination of the effects of facility locations decisions and transportation activities in integrating supply chain activities and leading to higher organizational performance; and the mediating effects of transportation between facility location and organizational performance.

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