

The Source of Developing Effective Supply Chain Performance Measurement System for Effective Organizational Performance

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Abstract

Supply chain management (SCM) has emerged as a strategic tool to gain competitive advantage through cooperative, collaborative and partnership arrangements between the firms. The large number of interdependent activities in the supply chain needs effective management of its performance. We argue that an effective performance measurement system (PMS) can help to manage, control and improve supply chain management practices (SCMP). Limited literature is available to explore the innovative way to develop effective PMS and its impact on organizational performance. The data were collected from manufacturing firms in Australia. The theoretical research framework was tested using the partial least square (PLS) method by using 'SmartPLS'. Structural equation modelling was used to develop a structural model to reliably measure the relationships between the constructs of supply chain management practices (SCMP), supply chain performance measurement system (SCPMS), and organization performance (OP). The findings suggest that supply chain management practices positively influence the development of the performance measurement system of the firm. It also confirms that supply chain management practices significantly affect organization performance directly. Regarding the mediating effect of the performance measurement system on firm performance, this study identified that the performance measurement system has a significant positive influence on financial performance but a negative on market performance. This study provides useful information and guidance to practitioners for designing an innovative process-based supply chain management framework. The innovative process-based supply chain management practices provide the structure that can help develop an effective performance measurement system to gain competitive advantage and, ultimately, organizational performance.

Keywords

Supply Chain Management, Supply Chain Performance Measurement System, Organizational Performance

Biographies

Maqsood Memon is an Associate Professor of Operations Management at Zayed University's College of Business in Abu Dhabi, UAE. He has an Interdisciplinary background, with PhD in Operations and Supply Chain Management from the University of South Australia, Adelaide, a master's in industrial engineering from the Asian Institute of Technology, Bangkok, Thailand, a master's in economics, and a bachelor's degree in mechanical engineering. Before joining Zayed University, he held academic positions in Australia and Saudi Arabia. In Addition

to academic experience, Maqsood has extensive industry experience in Operations Management, Supply Chain Management, and Quality Management in business organizations in Hong Kong and Thailand. His research and professional interests are in supply chain management practices and their impact on organizational performance in the manufacturing and service sectors, performance measurement systems, quality management in services, and Lean Six Sigma improvements.

Unggul Purwohedi, PhD., is an Academician with academic and industry background, including more than 19 years in teaching, and 5 years in private sector. My interest in research brings me to collaborate with prestigious domestic and multinational companies and agencies including research grant funding activities, and consultative work. My research areas including Social Return on Investment (SROI), performance measurement tools such as Balanced Scorecards, strategic management accounting, and Islamic banking. I was graduated from Diponegoro University for bachelor and master degree, and the University of South Australia for PhD. I wrote several books in reasearch methodology areas, and journal papers that have been published in journals such as Public Money and Management, Journal for Global Business Advancement, and Academy of Strategic Management Journal.