SUPPLY CHAIN MANAGEMENT IN THE UAE CONSTRUCTION INDUSTRY

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Abstract
Supply Chain Management (SCM) aims to improve trust and collaboration among supply chain partners, thus improving inventory visibility and velocity, and is an innovation that seems to be especially appropriate for construction projects. As in mainstream management, construction management ideas about supply chains have been evolving with corresponding influences from the theory of production, distribution, and strategic procurement, but there has been little significant research on the extent to which the construction industry is merging the supply chains and industrial organisation fields. In particular, the industry’s awareness of both the concept of supply chain integration and its methods are relatively unknown, particularly in countries such as the United Arab Emirates (UAE).

This paper describes an investigation into the degree of awareness of the factors affecting the implementation of SCM in the UAE construction industry as well as the differences between the traditional and modern management supply chain. The data were obtained by means of a questionnaire survey. The questionnaire was mailed to 100 construction companies in the UAE in 2007. Seventy-two valid responses were received. The majority of these supported the need to use SCM as a tool to meet project objectives and identified the critical factors affecting the performance of supply chains to be Support by upper management; Customer need approaches; Supply chain technical background; and Following company procedures in dealing with supply chain management. Importance-performance analysis indicated the largest improvements to be needed in Support by upper management; Activity sequences; Customer need approaches; Supply chain technical background; and Resource planning. In contrast with other developed countries, the requirement for UAE companies to associate with at least one local counterpart company also has a significant effect on the manner of SCM implementation – particularly in the approach and expectations concerning knowledge sharing and coordination.

Keywords
Supply chain, construction industry, United Arab Emirates.

INTRODUCTION

The construction industry is extremely fragmented in many countries with problems including the separation of design and construction, lack of coordination and integration between the various functional disciplines and poor communication. The end result for clients of the construction industry is dissatisfaction with outcomes in many cases and higher costs than necessary. Traditional management approaches tend to dominate the construction industry, unlike in the manufacturing industry, with little awareness of alternatives that might lead to better outcomes.