

**The Role of production Management in Supporting the
Competitive Advantage of Organizations
(An Applied Study on Food Industry Organizations in Egypt)**

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دور إدارة الإنتاج في دعم الميزة التنافسية للمنظمات
(دراسة تطبيقية على شركات الصناعات الغذائية في مصر)

المستخلص:

إن استخدام الإنتاج كنشاط لسلسلة القيمة التي يمكن أن يحقق ميزة تنافسية للمنظمات ، إختار الباحث نشاط الإنتاج وذلك لدراسة علاقته بتحقيق ميزة تنافسية لمنظمات الصناعات الغذائية وقد إختار الباحث (صفات المنتج) للتعبير عن إدارة الإنتاج كمتغير مستقل ، وإختار الميزة التنافسية لمنظمات الصناعات الغذائية (عصائر) كمتغير تابع.

في هذا البحث سوف ندرس العلاقة بين (صفات المنتج) للتعبير عن إدارة الإنتاج للتعبير عن الميزة التنافسية للمنظمات.

سيشرح هذا البحث إدارة الإنتاج كنشاط من أنشطة سلسلة القيمة وذلك لتحقيق الميزة التنافسية في منظمات الصناعات الغذائية ، وخاصة في تلك المنظمات التي تعمل في إنتاج العصائر.

استخدم الباحث أسلوب الانحدار المتعدد لتحديد طبيعة العلاقة بين المتغير المستقل والمتغيرات التابعة ، ويقاس الانحدار المتعدد العلاقة بين (الإنتاج كنشاط لسلسلة القيمة) كمتغير مستقل و (الميزة التنافسية لمنظمات الصناعات الغذائية) كمتغير تابع.

تظهر نتائج هذا البحث أن هناك علاقة ذات دلالة إحصائية بين إدارة الإنتاج (ميزات المنتج) وتحقيق ميزة تنافسية للمنظمات ، وأن هذه العلاقة إيجابية وقوية ، وأيضًا أي زيادة أو نقص في (ميزات المنتج) كعنصر محدد إلى التعبير عن إدارة الإنتاج سوف يشرح الزيادة أو النقصان في تحقيق القدرة التنافسية لمنظمات صناعة الأغذية.

الكلمات المفتاحية:

- سلسلة القيمة! يمكن تعريفها على أنها سلسلة من الأنشطة والتي من خلالها تستطيع المنظمات إيجاد قيمة لمنتجاتها ومن هذه الأنشطة، تصميم المنتجات والتسويق والتسليم ودعم منتجات المنظمة.
- يمكن تقسيم أنشطة سلسلة القيمة ، من منظور وظيفي ، إلى نوعين من الأنشطة (الأنشطة الأولية) (الأساسية) والأنشطة الداعمة).

الأنشطة الأساسية (الأنشطة الرئيسية) هي:

- أنشطة التسويق
- أنشطة الإنتاج

- الأنشطة اللوجستية الواردة والصادرة
- **الأنشطة الداعمة هي:**

- الموارد البشرية
- الأنشطة المالية
- أنشطة الشراء

- **الميزة التنافسية!** خلق الأداء المتفوق والحفاظ عليه (بورتر ، ١٩٨٥). تساعد الميزة التنافسية في جعل الإستراتيجية أكثر قابلية للخدمة وملموسة وقابلة للإدارة (بورتر ، ١٩٩٠)

- **قيمة العميل!** تعني أن العميل يشتري من المنظمة التي تقدم له أعلى قيمة يتصورها وهذه القيمة إنما تتوافق مع توقعاته كمشتري.

¹ Porter, M. E., (1985): "Competitive Advantage-Creating and Sustaining Superior Performance", the Free Press.

² Porter.,(1990):"The Competitive Advantage of Nations ", Macmillan, London.

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Abstract:

The competition as an idea became the first interest for organization, to find a competitive advantage in front of their competitors.

On the managerial level, production activity as a part of value chain which can support and find the organization's competitive advantage, in this study,(product's features) is selected as a main part of production activity , also to be an independent variable, the competitive advantage as a dependent variable, in food industry organizations.

This research will examine the relationship between the (product's features) as a main part of production department, and the organization's competitive advantage.

This research introduces the production activity as a part of value chain practices on supporting the competitive advantage in the companies which are working in food industry sector, (producing juices). In addition, this research can show how the food industry companies can use the value chain activity (production) and attain their competitive advantage.

The researcher can interpret the expected relationships between the independent and dependent variables through using the statistical program (SPSS), and use the following statistical methods:

- The coefficient of Cronbach Alpha (α) were calculated, that to measure the internal consistency and reliability of the production questionnaire,
- The descriptive statistical method: Calculate the means and standard deviation to determine the relative importance of the respondents' answers regarding the main dimensions in the questionnaire (production) the activity of value chain.

- The Total correlation and calculation of alpha coefficient was applied on the questionnaire, to measure the relationship between (production activity) as part of value chain and the organizations' competitive advantage.
- Multiple regression: use the multiple regression to find the relationship between the two variables (independent and dependent), the multiple regression examine the strength of this relationship between variables.

The conclusions of this research show that there is a significant relationship between the two variables (dependent and independent) or the product's features and the competitive advantage, this relationship is positive and strong .also any changing (increasing or decreasing) in the independent variables (product's features) will find (increasing or decreasing) of competitive advantage.

-key words:

-Value Chain: can be defined as a series of value-creating activities that contribute to design products, marketing, and delivery and support the organization's products.

-Competitive Advantage: creating and sustaining superior performance (Porter, 1985) Competitive advantage helps in making strategy more servable, tangible, and manageable

¹ Porter, M. E., (1985): "**Competitive Advantage-Creating and Sustaining Superior Performance**", the Free Press.

1. Introduction:

Competition is an important interest to achieve the organizations' competitive advantage. Lots of researches discussed the relationship between the organizations' competitive advantage and value chain activities, and using the value chain activities in supporting the competitive advantage for these organizations.

Moreover, these researches will help the organizations to solve their problems; especially the Egyptian food industry organizations have many problems such as: the quality of raw materials which are needed, the limited market accesses especially the international market, the efficiency of the labor force and lack of modern technology.

The importance of this research is presenting some solutions through using the value chain activities; the production activity can solve most of these Egyptian organizations' problems. One of this research's goals is to raise the awareness of the organizations which are working in the Egyptian food industry sector. Raise the awareness of using the value chain activities, and understanding the relationship between the value chain activity (production management) and achieving the organizations' competitive advantage.

The beneficiaries of this study are the organizations that work in the Egyptian food industry sector. This research aims at helping them to identify the practices of value chains to achieve their competitiveness. This research will help these organizations to use the practices of value chain (especially production management) through it these organizations can increase their competitiveness through using the value chain activity.

In addition, this research aims to provide a better understanding of the relationship between the practices of value chains, achieving the competitive advantage, increasing customer added value, adding benefits to the food industry organizations, maximizing the organizations' ability to achieve their competitive

advantage, and helping the government to find aids or policies to help these organizations in achieving their goals.

2. Study Problem:

The researcher claims that the organizations' problem of achieving their competitive advantage can be traced back to the lack of awareness of the importance of value chain practices or the inability to use value chain activities. Thus, using the value chain management in these organizations can solve this problem and fulfill the goal of competitive advantage for these Egyptian organizations.

3. Study Objectives:

This study aims to achieve the following objectives:

- Studying the relationship between the production activity as a part of value chain and achieving their customer value as a competitive advantage for organizations.

- Find the type and strength of this relationship between the production activity and achieving customer value.

4. Functions of Production Management:

Production is the process of converting the raw material or semi-finished product into a finished one. Such a process involved labor, equipment, energy, and flow of information.

Production management is the process of effective planning and arranging the organizational operations which are responsible about transferring the raw materials into finished goods, transforming the inputs into outputs.

Production and operation management refers to all principles in organization which contain some different activities such as: product design, quality control, financial budgets and costs. Production department is responsible for arrangements of inputs and the production in an economic quantity.

² Naqib Daneshjo.,(2013): "**Production Management Systems**".

On a managerial level, production management is the process of planning, organizing, directing, controlling, and production management, along with handling the decision-making process regarding the quality, quantity, and cost.

a) Planning:

Production planning³ is the responsibility for production, the required quantity which will meet the specific delivery date. This produced quantity is produced based on the specific demand which means that the production process must be finished at a specific time.

Production planning is to achieve the production objectives

- Production planning helps also in choosing between the best alternatives and select the best alternative of production, assessing the factors of production on a basis of demand forecasting, formulate demand schedule based on the purchasing of raw materials and the economic production for lot sizes.

- Production plan is planning of manufacturing processes, coordinates of supply movements of raw materials and labor

- Planning production has a main activity that to ensure that the all equipment and machines are utilized economically, also the other related activities to achieve the production result which is quantity, quality, producing in right time.

- Production planning means formulation, coordination and determining of activities in manufacturing to achieve the desired objectives.

b) Specialization and procurement:

- provide the inputs which are necessary for the management process such as: material, equipment and labor.

c) Product design:

- determine the suitable production process for transforming the input into outputs (products and services).

d) Specialization and control:

- The transformation processes in an efficient production for products and services.

e) Controlling:

- It involves comparing the results of work to ensure that the objectives are accomplished, measuring the actual output, and comparing them

³www.raitechuniversity.in

to planned outputs. The main task for the production department is controlling cost, quality, and the planned quantity schedules, which are.

- Some main elements that the production management controls through the production process are: Cost, Quality, Variety, Service, and Flexibility.
 - Cost: the low product cost
 - Quality: the high quality of products
 - Variety: delivery time of orders to customers and flexibility, as well as the rapid response with the new products.

5. The Delivery value of Production Management:

The production management, as an activity of a value chain, is a process to find high-quality production and innovation as a step to achieve a competitive advantage for the organization.

And to achieve this value, that a very important concept is used, value engineering or value analysis.

Value engineering is a set of activities that to investigate the designing process through design some components and Design some components with restrictions of costs value perspective.

- The professional team can think through the cost value restrictions to eliminate the cost with procurement, personal and suppliers to the product being designed.
- The value engineering purpose is to simplify the products and processes and eliminate the unnecessary processes that to save and eliminate cost of production.
- The product development team improved the production processes and minimizes the production cost. They can choose the alternative which minimizes the cost to improve the value of performance through organizational functions or increased cost.

-production can add value in value chain organization in many ways such as:

- that the production activities will reduce the organizational cost and improve the quality of products through the benefits of economics of large scale which can reduce the total cost of production, so the consumer price will be reduced.
- achieve the consumer benefits of the production utility, the consumer will get new product's shape, size whenever the consumer want it.

Goods are physical items that include raw material, and services are the activities that can make a combination of time and place. The ideal situation for an organization is to achieve the matching between the supply and demand of its production, or else the excess capacity will be wasteful and costly.

6. Competitive Advantage:

Classical economic thought was concerned with studying the basis of international trade. In 1776, Smith wrote a book entitled (The Wealth of Nations), which had the greatest role in eliminating the restrictions of international trade, in the nineteenth century, and in creating the concept of absolute advantage in order to explain international trade trends. Smith referred to the concept of the absolute advantage of specialization, that is, a country specializes in producing a commodity with less cost than the other country (one of the hypotheses of its theory, the hypothesis that the world is divided into only two countries), that is, when a country specializes in producing a commodity; this country will be able to achieve its absolute advantage. Also, Smith addressed that economic freedom conditions are most appropriate to increase the productive capacity, whereby individuals become free to take the activities that they will engage in; the individual interest is the one that will prevail in the interest of the nation as a whole⁴).

-Adam Smith,(1776) discovered the principle of absolute advantage, according to Adam the country must export its good, which can produce it in a lower cost than other countries. And import the good, which can be produced in a

⁴ Muhammad Hamdi Salem (doctor) and Waheed Ali Mujahid (doctor).,(2007): "**Competitive Standards, Theoretical Framework and Application Models**", Working Paper presented to the Food and Agriculture Organization of the United Nations.

higher cost in comparison with other countries. The country which can produce the particular good in a lower cost than other nations has an absolute advantage.

-The second theory of the comparative advantage, developed by Ricardo in his book 'The Principles of Political and Tax Economy' in 1817 which was considered as the basis for the establishment of trade, is the difference in the relative expenditures of production between two countries. This means that what enables a country to achieve a comparative advantage is its ability to produce a commodity with expenses less than the other country, where the interest for the two countries increases when they specialize in producing and exporting a specific commodity, which enjoys its production at the lowest cost relative to the other country.

-Also, the relative costs of production are determined according to the economist Ricardo, on the basis of the amount of work spent in production and not on the basis of the quality of work, or on the basis of any of the other elements of production.

-David Ricardo, (1817) was the first economist, who discussed the comparative advantage by the nineteenth century, the principle of relative or comparative advantage.

-According to Ricardo the country can produce many products in lower cost but it should produce the product which is produced in a lower cost, this country must concentrate on the product with comparative advantage or with the least cost comparative. And this country should import the products which are produced in a higher cost (comparative disadvantage).

-Ricardo added these two countries can achieve benefits, when every country concentrate on producing its best commodity, Ricardo determined the relative costs of production based on the amount of work spent in production and not based on the quality of work or based on any of the other elements of production. The relative costs of production are determined units of labor not the quality of labor.

-Afterwards, the German economist Habler explained that the comparative advantages theory introduces a new concept, which is the 'Alternative Opportunity Cost', using the curve of production possibility. Thus, the state can measure the extent of its specialization in producing a commodity with what this country will sacrifice from another commodity. And the state can achieve a comparative advantage if it can reach a decrease in the alternative opportunity cost.

-The German economist, Habler who discussed the absolute advantage through the concept of opportunity cost. The country can measure its

specialization in producing a commodity through measuring the units of another product or commodity will give up. The country can achieve a relative advantage when it can decrease the opportunity cost to the least level.

-Then, Hechscher-Ohlin presented their theory of explaining comparative advantage. They were interested in two main factors which were the source of this advantage, namely abundance or scarcity of production elements in each country, diminishing benefit and increased yield accompanying the expansion of production. As, the state can achieve a comparative advantage through specialization in the production and export of a commodity using the resource with its relative abundance (work or capital), and if the state is to produce a capital-intensive commodity, it must sacrifice the production of the labor-intensive commodity production. From here, the state has a comparative advantage in creating the first commodity.

-(Heckscher-Ohlin) discussed that the countries have different levels of factors endowments, which is determined according to the supply and demand, in turn the supply and demand are affected by the customers desires , the level of income ,quantity of factors and physical condition of production. The countries should find its relative advantage in a specific commodity, the country can achieve its relative advantage when produce and export a commodity which is relatively plentiful, abundant (labor or capital). When the country produce the product with abundant in capital, it should give up about producing the product which use the labor abundant, and this country has a comparative advantage in the production of capital –intensive products.

-Economic Theories from Comparative Advantage to Competitive Advantage:

The developments that have affected the international economy paved the way to the emergence of competitive advantage, enumerated at the state, sector or establishment level. International developments have helped to pinpoint the shortcomings in the traditional theories of comparative advantage, and paved the way to the spread and expansion of the economy by relying on comparative advantage as a primary driver of international trade.

6.1 Theory of Similar Preferences:

Reinhard Schumacher (2012)⁵ mentioned Linder theory of the trends of the international trade based on the demand side only. As, Linder linked between the variables affecting the required quantity, especially the averages of incomes, the tastes of consumers, and the state's ability to produce goods as a necessary stage to create conditions for this state to expand the production of these goods and then gain More competitiveness in its production and to the extent that it can export it.

6.2 Product Cycle Theory: Raymond Vermont 1966:

⁶ Salem (2007) mentioned Raymond Vermont's Product Cycle Theory is based on the fact that technological patterns and developments have a critical role in gaining competitiveness.

In doing so, Raymond nullified the basic assumption of Hachsher and Ohlen's theory, which is based on technological symmetry in production, which is not the case in practical life.

Raymond divided the new product's life cycle into three phases: the first stage is the latest product's innovation; the second stage is the beginning of the product's productivity and marketing spread. the third stage comes, which increases the production of this new product in the world. This theory can be summarized In that the first pillar of competitive advantage is creating new products. This can be seen in international markets at the present.

6.3 Trade Theory, Capacities and Incomplete Competition – 1985:

Patrick Gibbons (2015) mentioned that Both Krugman and Hillman presented these two assumptions:

⁵ Reinhard Schumacher.,(2012): "**Free Trade and Absolute and Comparative Advantage: A Critical Comparison of Two Major Theories of International Trade**",Universität Potsdam: WeltTrends Thesis

⁶ Muhammad Hamdi Salem (doctor) and Waheed Ali Mujahid (doctor).,(2007): "**Competitive Standards, Theoretical Framework and Application Models**", Working Paper presented to the Food and Agriculture Organization of the United Nations.

When a larger facility reduces the unit's production cost, it can lower the price, and the industry may have a monopoly locally and internationally.

Domestic capacity savings are what may lead a country to specialize in some products to provide opportunities for other countries to produce different products.

The facility does not necessarily have to be inflated, but small enterprises can interact with one another to generate advantages of large production and achieve an international competitive advantage

It is noted that all international trade theories arose in order to explain the idea of establishing trade between two countries, and tried to answer the question of why trade is established between two countries. In its entirety, it emphasized the need of a comparative advantage as a necessity of the establishment of international trade between countries. Yet, these theories did not rise to provide a comprehensive model or clarification of the reasons for distinguishing a country from the other with a comparative advantage, and what are the reasons behind that. Thus, it was essential to formulate a theory that explains the matter and then the competitive advantage theory.

Porter,(1985)⁸discussed that the competitiveness can be achieved by using the differentiation and cost leadership strategies. Porter introduced these two discussed issues, which decide the organization's future of achieving its competitive advantage. Porter added that the organization can achieve the competitive advantage generally, when find and create its value which it must exceeds the organization's cost of creating it.

Porter explains the comprehensive strategy for competitive advantage through cost leadership and differentiation, and the competitive scope strategically through the broad and simple level, also the scope of competitive advantage differentiate between the organization's target, broad industry segment or this organization focus on narrow segment. Porter added that every

¹Patrick Gibbons, Pamela Sharkey Scott, Cormac Mac Fhionnlaoich.,(2015): "**Strategic management:A perspective on the development of the field of ¹strategic management and the contribution of the Irish Journal of Management**", Irish Journal of Management,vol.34,p.p 22-41

⁸Porter, M.,(1990): "**The Competitive Advantage of Nations**" , Free Press
Michael Porter: Founder of the Concept of Competitiveness He is an international consultant on strategy and competitiveness. Porter is also the director of the Institute of Strategic and Competitive Studies at Harvard University School of Management, Boston.

organization must differentiate between the type and the scope of its competitive advantage.

The five forces of the porter's diamond assess the organization's competitive advantage through doing evaluation for the next points:

1. The strength of the threat of new entrants and substitute products
2. The power of buyers and suppliers
3. The nature and degree of rivalry among businesses

The five forces of porter's diamond will be summarized as follow:

- 1- Factor conditions: these conditions affect the organization's productivity, and through these conditions the organization can determine the level of its sustain property ,these conditions can be tangible resources or basic factors and intangible resources or advanced factors
- 2- Demand conditions: this determinant determines the home market, and can determine the national competitive advantage. Porter illustrates that the organizations can face kinds of markets which are related to kinds of demand conditions, the first one the demanding, when the large of home market will be large, the organization will produce in economics of scale which can build a competitive advantage. And when the domestic market is sophisticated the organizations will face the high standards to meet these challenges.
- 3- Related and supporting industries: porter declared that the other industries are important for organization in achieving the competitive advantage, when the supporting industries will be in the same geographic area. These industries are related to the higher level of productivity. The organization must allocate these supporting industries in its value chain activities to achieve the competitive advantage.
- 4- Firm strategy, structure and rivalry: Porter declared that socially some society features and socially like the features of people, lifestyle, kinds of governs, individuals attitudes, religious beliefs can affect the structure of the business. Academically, the structure and the management of the organization can affect the structure of the business.
- 5- Government and chance events: when the government assesses the geographic areas with a standard of health and safety, the government is

making financial policies and structures and industrial trades for development. When the government continues to handle many agencies and geographic units, the result for these governmental policies is the impact on the competitive environment.

In the 2000s some researchers discussed competitive advantage, like: they mentioned that there is no permanent performance to achieve a competitive advantage for organizations.

(Ajitabh and Momaya, 2004)⁹discussed the competitive advantage of organizations (achieving a high level of customer satisfaction) through the effective full capacity and the quality management which can make a booming growth of the organization. They added the availability of labor and the level of their education has a main effect on the quality and manufacturing goods which leads to a high level of customer satisfaction.

(Hamalainen,2007)¹ discussed the strategic issues of competitive advantage for manufacturing organizations, which are founded as a productive resources, the utilization of capacity and the technological infrastructure. And Hamalainen added that some more items which can affect the competitive advantage like the cost, flexibility, high quality, product market features and government policies.

(Amadeo, 2019)³discussed the creation of competitive advantage is through three elements: benefits, target market and competition.

- **Benefit:** the benefit means that the organization can search about the product's benefits will be provided for customers, it's really a value is needed by customers, the organization should identify their product's features carefully and ask how will achieve a value for their customers, the organizations must search about the new trends and new technology. This value added will be the competitive advantage for this organization.

⁹ Ajitabh Ambastha and K. Momaya.,(2004): "**Competitiveness of Firms: Review of theory, frameworks and models**",Singapore Management Review, vol 26, no. 1

¹ Timo Hamalainen and Risto Heiskala, (2007): "**social innovation, institutional change and economic performance-making sense of structural adjustment processes in industrial sectors, regions and societies**",Edward Elgar publication

³ Kimberly Amadeo.,(2019):"**What Is Competitive Advantage? Three Strategies That Work-Use These Three Harvard Business School Strategies to Beat Your Competition**", article,www.the balance.com

- Target Market: the organization should identify the targeted customers carefully to identify their needs, provide exactly what they need in the product and who will buy the product, create its demand and economic growth, the second element targets adding a value for customers.
- Competition: the competitors are not just organizations are working in the same industry, and provide same products or similar features, the market competitors are organizations work hardly to satisfy your customers' needs, if the organization search about achieving the competitive advantage, it must identify the real competitors, and search how can provide something is superior than its competitors. To achieve an organizational competitive advantage, you have to fulfill your customers' needs more than any other competitors.

These three elements aim to achieve the organization's competitive advantage.

7. Multi Regression:

The next part of this chapter discusses the statistical findings of data analysis, some of these data obtained from the questionnaire, and the results are collected from the production department that to discuss the relationship between the Product's features is an examined part in the production department and its relationship with the food industry organizations' competitive advantage the dependent variable.

Part (1): The Relationship between the Product's features & competitive advantage:

In this part, the researcher tries to answer the question of this study which relates to identify the relationship between the production practices (product's features) and the competitive advantage of food industry organizations.

H1: There is no significant relationship between production practices (product's features) and competitive advantage.

First: coefficient of determination

Table 1.2: Relationship between the production practices

(product's features) and competitive advantage

ANOVAa

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	43.487	1	43.487	708.793	.000a
	Residual	18.283	298	.061		
	Total	61.770	299			

Table 1.1:
Relationship
between the
production
practices
(product's
features) and
competitive
advantage

(Outputs of Multiple Regression Analysis)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.839a	.704	.703	.24770

a. Predictors: (Constant), Product's features

a. Dependent Variable: Customer value

b. Predictors: (Constant), Product characteristics

-Type and strength of the relationship between production practices(Product's features) (X1) as an (independent variable) and competitive advantage (Y) as a (dependent variable) from the food industry organizations managers and employees' point of view.

- From the previous table, it is clear, that the total correlation (R) that (.839) there is a significant, positive, and strong relationship between the production practices (Product's features) and the competitive advantage. Strength of relationship is about 83.9% in the overall model.

-The coefficient of determination (R^2) equals (.704) and that indicates that the variables of the production practices (product's features) can interpret approximately 70.4% (according to R^2) from an overall variation in competitive advantage.

-the regression model statistically is significant, when the F test is significant at level of confidence (.99).

Second: coefficient table

Table 1.3: the variables coefficients of regression model

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.172	.044		48.941	.000
	Product's features	.229	.009	.839	26.623	.000

a. Dependent Variable: Customer value

Null hypothesis: beta coefficient equal to zero ($\beta=0$)

The alternative hypothesis: beta coefficient is not equal to zero

According to the previous table, the value of beta for the independent variable equal (product's features) = (.229) which means that the independent variable has a relationship with the dependent variable.

-According to the above mentioned findings with regard to the relationship between the production practices (Product's features) and the competitive advantage, the researcher must reject the null hypothesis of this study and accept the alternative one.

-More specifically: there is a significant relationship (P-value = 0.01 according to F-test) between production practices (Product's features) and the competitive advantage, taken together.

8. Conclusion:

The conclusion of this research is that Production Practices is related to achieving the competitive advantage of the organizations which are working in

food industry. It's a strong and positive relationship between the (Product's features) of production and achieving the organizations' competitive advantage .

9. Suggested Polices:

To prove the objective of this study, the next part will illustrate the suggested program of polices and activities to create a value chain system to manage Egyptian food industry organizations subsector.

1- The Governmental Policies:

The suggested policies and procedures to strengthen the competitive advantage of food industry organizations can be summarized as follows:

- a- Establishing a policy to coordinate the efforts of Egyptian organizations, find product standards and packaging systems and these procedures are necessary to start building brands for Egyptian products that help in selling products in high quantities and prices.
- b- The role of governmental associations, like: the Ministry of Trade is implementing these policies and procedures to organize the procedures to build and standardize the Egyptian measurements.
- c- Transfer the direct subsidies to the conditional subsidy system; grant the subsidies to those organizations which will follow the policy.
- d- The Ministry of Agriculture and Land Reclamation should develop the legislation and institutional systems which are necessary for the correct and make an obligatory use of implementations of contracts farming which will be useful for the food industry organizations.

2- The Procedures Must be Taken by Egyptian food industry organizations:

- a. The one of the most important requirement for achieving a competitive advantage in food industry organization requires an organizing of the supply in the market (good market management) with a distinguish quality of the marketed product and to build brands for Egyptian products in the different markets.
- b. the Egyptian organizations does not use the prepaid supply contracts or the contract farming to buy the raw materials of organization in their

- agreements, the result of it that many organizations lose the advantages of the contract farming .
- c. using the contracts farming provide a high level of safety in preserving the rights of all parties (producer or suppliers), also the contract farming help to bring the organization's raw materials in the highest quality, as it is agreed in advance in the contract, the contract contains all about the level of material quality, the price, and date of supplying.
 - d. Transform the small and medium organizations to the big entities in the Egyptian market, to enable these organizations take the benefits of the big entities.

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