

**EVALUATING THE IMPACT OF INTERNAL
CAPABILITIES AND SUPPLIER-FACING
CAPABILITIES ON FIRM PERFORMANCE IN
APPAREL INDUSTRY**

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Degree of MBA / PG Dip (BA) in Supply Chain Management

Department of Transport Management and Logistics Engineering

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Dissertation submitted in partial fulfilment of the requirements for the degree MBA /
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Name of the supervisor: Dr. Anuja Fernando

Signature of the supervisor:

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ABSTRACT

Evaluating the impact of internal capabilities and supplier-facing capabilities on firm performance in apparel industry

The aim of this study is to identify the impact of internal capabilities and supplier-facing capabilities on firm performance. The apparel industry was selected as the study context as it is one of the key players in the Sri Lankan economy. Manufacturing flexibility and mass customization were identified as internal capabilities, while supply integration was identified as supplier-facing capabilities, based on the literature review. This study was conducted as a quantitative, cross-sectional one while following the survey method for data collection. A self-administered, structured questionnaire was used for the survey, and a pilot study was done before finalizing the questionnaire to check the validity and reliability of the survey instrument. 140 individuals who are working at apparel companies located in the western province were selected as the sample for the main data analysis, demographic analysis, correlation analysis, and regression analysis done to achieve the main purpose of the study.

As per the results, a positive, moderate relationship was noticed between each independent variable and dependent variable, and that relationship was significant. Further, when checking the combined effect of both internal capabilities and supplier-facing capabilities on firm performance, it was noted that the impact of internal capabilities on firm performance was significant. In addition, there are studies suggesting a moderating and mediating impact of these capabilities, which can be tested in future research, taking this study as a base for the Sri Lankan context. Finally, scholars are encouraged to explore the findings of this study by doing more studies in the area highlighted in it.

Keywords: Internal capabilities, Supplier-facing capabilities, Firm performance, Apparel industry

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LIST OF ABBREVIATIONS

Abbreviation	Description
SC	Supply Chain
RBV	Resource Based View
ROT	Resource Orchestration Theory
MF	Manufacturing Flexibility
MC	Mass Customization
SI	Supply Integration
FP	Firm Performance
RQ	Research Questions
RO	Research Objectives
DCs	Dynamic Capabilities
SCM	Supply Chain Management
IIP	Index of Industrial Production
CPC	Ceylon Petroleum Corporation
VIF	Variance Influence Factor

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