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# **Measuring the level of Competitive Capabilities of Food Manufacturing Establishments in the Gaza Strip**

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صدق الله العظيم

## **Dedication**

**I dedicate this work to my great  
parents, brothers sisters, to my perfect  
counterbalance “my wife”, and to my  
dear and beloved daughter “Seba”**

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Praise be to Allah the Almighty for His mercy and protection. My thanks go to Him and His last prophet Mohammed (Peace be upon him).

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## Abstract

The study aims to explore the level of competitive capabilities in food industrial sector in the Gaza Strip. On one hand the study shed light on competitive capabilities their nature, types, significance, how to build them and how to strengthen them, moreover the study tried to give deep insights into total quality management and competitive capabilities. Also, the study presented the importance and sources of these capabilities and their relation with strategic planning.

The study depends upon a model of twelve competitive capabilities indicators which are (mission and vision, customer care, corporate culture, organizational and managerial structure, production planning, human resources, technological resources, development and innovation, product and market strategies, marketing operations, international management, performance conducting)

This study relied mainly on both the analytical descriptive and the field study methods, where a special questionnaire was prepared and designed, then distributed on a sample of (156) food establishments in the Gaza Strip; the researcher retrieved (125) questionnaires out of them, the received questionnaire were manipulated and analyzed by using the (SPSS) software application for the “Statistical Package for the Social Sciences”, including percentiles values, frequencies, Pearson correlation, Means, and other statistical measures.

The outcome of the study showed that there are satisfactory results in certain fields of competitive capabilities such as the domains of mission and vision, customer care, managerial and organizational structure, production planning, human resources, product and market strategies, and marketing operations. While in others the results were unsatisfactory. These fields are the field of technology, research and innovation, international management and human resources. So, the study recommended certain issues in order to be taken into consideration in these respects.

Concerning implications and recommendations, the researcher recommends concise recommendations:

- Food industries establishments need to allocate more financial resources for technology.
- They need to cooperate with some training institutes for the development of their workers and employees skills and capacities.
- They also need to expand their business to the outside countries in the Arab region by enhancing their international management thoughts.
- They have to radically change their perspective with regard to innovation and development concepts by establishing specialist centers and recruiting specialists.

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## Chapter One

# Background Context

- *Introduction .*
- *Research Limitations and difficulties .*
- *Research Structure .*
- *Previous Studies in English .*
- *Comments on the previous studies .*
- *Arabs Previous Studies .*
- *Commenting on previous studies .*
- *Conclusion*

## 1.1 Introduction

The organization that wants to build competitive advantages has to create and leverage its capabilities. One of the central bases for achieving competitive advantage is the organizational capability to create new knowledge across various levels and parts of the organization (Charles and Gareth, 1998).

Capabilities can be viewed as bundles of routines, or more generally practices, that enable firms to combine their resources to efficiently achieve a particular activity (Wheelen and Hunger, 1998). Because firms' resources and capabilities are difficult to measure, this area of research remained to a large extent conceptual. But still, the few empirical studies that exist demonstrate a positive effect on firm performance (Charles and Gareth, 1998).

Capability represents the identity of the organization as perceived by both employees and customers. It is the ability to perform better than competitors using a distinctive and difficult to replicate set of business attributes. Capability is a capacity for a set of resources to integratively perform a stretch task (Quick MBA, 2004).

Through continued use, capabilities become stronger and more difficult for competitors to understand and imitate. As a source of competitive advantage, a capability "should be neither so simple that it is highly imitable, nor so complex that it defies internal steering and control." (Kevan and Gerryand, 1999). Capabilities grow through use, and how fast they grow is critical to the organization's success.

According to the Palestinian Central Bureau of Statistics in 2005, Palestinian Food industries' sector is considered to be one of the vital, productive and important sector that plays a crucial role in the economy of the country. This sector possesses an important position in the Palestinian industries sectors in general. The number of the organizations specialized in this sector in West Bank and the Gaza Strip is (2321) organizations in year 2004, that represents (16.7%) from the Palestinian industries sector. The sector employs (10525) worker and employee and that represent (17.3%) from the Palestinian workforce. Therefore; this sector needs to be studied and tackled from various dimensions. This study will shed lights on the Gaza's food industries' sector that counts (520) firms distributed in the main five governorates.

The Corporate Competitive capability central measure is roughly the average of the ratings of the twelve capabilities identified as it follows:

mission and vision, customer care, corporate culture, organizational and managerial structure, production planning, human resources, technological resources, development and innovation, product and market strategies, marketing operations, international management, performance conducting.

### **1.1.1 Research problem**

There are few studies that focus on the attributes of the firms that promote a real measurement of the level of its own capabilities. Available studies are based on employees' surveys that sometimes collect data on a relatively small number of firms. The lack of firm-based studies is unfortunate since it's not from the firm's culture to measure these capabilities and their effect on the competitive level of the firm in its markets. Not all firms make such a decision. But still few firms are committed to this kind of thinking.

So, the problem of this study can be addressed in the following main question:  
"What is the level of competitive capabilities of food manufacturing establishments in the Gaza Strip?"

### **1.1.2 Research Hypotheses**

The study depends on a set of hypotheses that aim to demonstrate the level of competitive capability of food industries' sector in the Gaza Strip.

- The level of competitive capability at Gaza's food industries' sector is influenced by the twelve competitive factors (mission and vision, customer care, corporate culture, organizational and managerial structure, production planning, human resources, technological resources, development and innovation, product and market strategies, marketing operations, international management, performance conducting)
- There are statistical differences among establishments in the level of competitive capabilities attributed to some industrial characteristics (firm's size and geographical location)

### 1.1.3 Research objectives

The study has the following objectives which emerge from the study aim:

- ❑ Looking at what capabilities are and how to execute on them.
- ❑ Understanding the significance and implications of capabilities and the constraints of employing them
- ❑ Establishing effective processes for acquiring, adopting and applying capabilities
- ❑ Providing the ability to look at and bring greater clarity to the “as is” state and capabilities of your organization, and its alignment to the “to be” vision of the business.
- ❑ providing a transformational way of looking at your existing/future business – get better insight into how business capability is performing

### 1.1.4 Research Importance

- ❑ To the knowledge of the researcher, this research is a pioneer in this domain of competitive capabilities and how to measure their level.
- ❑ It helps managers understand their business capabilities...gaps, synergies and alignments.
- ❑ It brings leading business perspectives, points of view, and methodologies to business capabilities needs.
- ❑ It gives companies the methodology of a continuously rethinking in their business capability. Ultimately, the success or failure of a company depends on these capabilities.
- ❑ It magnifies the level of harmony between business capabilities and its customers' needs and priorities;
- ❑ It focuses on how effective is the firm at harnessing innovations in management and capabilities building on converting those innovations into business models that generate desired customer satisfaction and economic values.

### 1.1.5 Research Variables

**Dependent variable:** competitive capability level that will be measured using the twelve indicators.



**Independent variables:** the twelve indicators that are used to measure the level of competitive capabilities i.e. mission and vision, customer orientation, corporate culture, organization and systems, planning and intelligence, human resources, technical resources, innovation, market strategy, marketing operations, international management, performance conducting. In addition to these indicators there are two more independent variables which are the location and the size of the establishment.

## **1.2 Research Limitations and difficulties**

The researcher intended this research to cover all the Palestinian territories in the West Bank and Gaza Strip, but due to the Israeli closures of the Palestinian territories, the researcher was not able to cover the Palestinian food establishments in the West Bank, and the research was limited to the Gaza Strip's establishments.

Another important difficulty the researcher faced was the lack of data concerning the food industries establishments' capabilities due to these establishments' manager ignorance of such academic methodology of tackling business capabilities. The source of the difficulty lies in, the fact that there are no official surveys for such capabilities in the Palestinian territories

The researcher has faced many problems in filling out the questionnaire since some owners or managers of the factories did not respond quickly, and thus filling the questionnaire was taking a lot of time and effort, and others who are or were generating plants express strange reservations about some of the questions contained in the questionnaire, this cost a researcher and team with a lot of effort and time to convince the factory owners that the information will be used for scientific research only.

## **1.3 Research Structure**

- The first phase of the research was the thesis proposal which included identifying and defining the problems and establishing the objectives of the study and developing a research plan.
- The second phase of the research included a summary of the comprehensive literature review.
- The third phase of the research included a field survey which was conducted with Burnout checklist , Work stress checklist and Social support checklist in addition to some actual cases were collected during the field survey.

- The fourth phase of the research is the research methodology which focused on the modification of the questionnaire design, through distributing the questionnaire to pilot study. The purpose of the pilot study was to test and prove that the questionnaire questions are clear to be answered in a way that help to achieve the target of the study. In addition, it was important to ensure that all information received from samples (**Food industries sector in Gaza Strip**) would be useful in achieving the research objective. The questionnaire was modified based on the results of the pilot study.
- The fifth phase of the research focused on distributing questionnaire. This questionnaire was used to collect the required data in order to achieve the research objective.
- The sixth phase of the research was data analysis and discussion. Statistical Package for the Social Sciences, (SPSS) was used to perform the required analysis.

The final phase includes the conclusions and recommendations.

#### **1.4 Previous Studies in English**

Achieving and sustaining competitive capabilities has become one of the critical issues in business environment. Today firms have realized that the key success factor in the world of competition cannot be realized unless they attain these competitive capabilities. Realizing this fact, companies have become more aware of how to evaluate their skills and capabilities as a prerequisite for achieving the competitive advantage.

Many authors have written researches dealing with these issues and how to build a firm's competitive capabilities; other researchers have investigated the concept of capabilities in general, how to identify, plan, build and evaluate them. This part of the study will highlight the previous studies in the field of competitive capabilities and other studies related to this issue.

##### **1. (O'reilly and Tushman, 2007)**

This article titled, "Ambidexterity as a Dynamic Capability: Resolving the Innovator's Dilemma" examined how do organizations survive in the face of change? Underlying this question is a rich debate about whether organizations can adapt - and if so how. One perspective, organizational environment, presents evidence suggesting that most organizations are largely inert and ultimately fail. A second perspective argues that some firms do learn and adapt to shifting environmental contexts. The findings of this research stated two themes. The

first suggests that dynamic capabilities, the ability of a firm to reconfigure assets and existing capabilities, explains long-term competitive advantage. The second, based on organizational design, argues that ambidexterity, the ability of a firm to simultaneously explore and exploit, enables a firm to adapt over time. This research recommended reviewing and integrating these themes to identify a set of propositions that suggest how ambidexterity acts as a dynamic capability. It recommended also that efficiency and innovation do not need to be just strategic tradeoffs but they need to highlight their substantive role of in building dynamic capabilities.

## **2. (Reitzig and Puranan, 2007)**

This research paper titled, “Value Appropriation as an Organizational Capability: the Case of IP Protection through Patents” developed and tested a theoretical framework that describes the organizational vision toward value appropriation capabilities in the context of obtaining patent protection. It concludes that firm-level differences in how Intellectual Property (IP) protection and IP generation activities are coordinated underlie differences in the ability to obtain rapid patent protection. It recommended that using a unique dataset that combines survey and patent (application) data, and employing advanced estimation methodology will accelerate and activate this capability. These findings show that firm level effects on obtaining a fast patent grant is a major competitive capability. The research recommended that this must be significantly related to the patterns co-ordination across functional areas such as R&D, business development and law that underlie IP generation and protection.

## **3. (Coombs and Bierly, 2006)**

This article titled, “Measuring Technological Capability and Performance” measures the relation between technological capability and firm performance and it stated that this relation is more complex than what is generally assumed. The study claims that researchers have not been able to consistently find empirical support for this apparently simple relation. The objective of this study was to illustrate the theoretical and empirical complexity of this relation and explain why the use of different measures can lead to dramatically different results. The study analyses the technological capability performance relation in 201 large US public manufacturing companies. A variety of statistics and measures of research & development (R&D) intensity are used as indicators for technological capability. The following six measures of performance are used as dependent variables: return on assets, return on equity, return on sales, market value, market value added, and economic value

added. The results vary substantially, depending on which measures are used for the independent and dependent variables. A detailed understanding of precisely what each measure represents and the shortcomings of each measure is needed to explain why these differences exist. It concluded that the variety of technological capability measures are usually not valid measures of a firm's technological capability and are not able to judge the effectiveness of the firm's performance.

#### **4. (Leiblein and Madsen, 2006)**

This research paper titled, “Unbundling Competitive Heterogeneity: Incentive Structures & Capability Influences on Technological Innovation” states that many studies argue that the continual creation of new ideas by small and young firms steadily destroys the competitive positions of their rivals. Despite this attention, empirical results relating firm size to innovation remain exceedingly fragile. This study proposes three reasons for the empirical inconsistencies in the literature - that small and large firms differ in their: stock of technological experiences, use of own- and partner-firm experiences, and abilities to translate own- and partner-firm experiences into innovation activity. The results from the study of 123 U.S semiconductor firms demonstrated that the findings are partially attributed to these three general propositions. In particular, the findings broadly support the notion that differences in the incentives and competitive capabilities of small and large firms give rise to heterogeneity in the firms' innovation activity.

#### **5. (Guler, 2006)**

This article titled, “The Capability to Manage Unsuccessful Investments and Firm Performance” tests the logic of sequential investments requires that investments be terminated when they are no longer strategically justified. It argues that firms exhibit different levels of success in terminating unsuccessful investments at the right time. The empirical setting is the venture capital (VC) industry, where firms must regularly withdraw support from ventures with declining prospects. The study concludes that there are no differences among VCs in their capability to manage successful investments. In contrast, VCs differ significantly in their capability to terminate failing investments. It also concludes that termination capability is a significant predictor of firm performance.

**6. (Liu, 2006)**

This article titled, “Cultural Intelligence capabilities in International Business Negotiation” presented cultural intelligence, firm's capability to adapt to new cultural contexts, is a new concept in organizational culture. The study identifies cultural intelligence as an important capability in international business negotiation. It proposes a conceptual model, discussing the impacts of cultural intelligence on international negotiation and the potential factors that moderate its impacts. The study found that there is a crucial relationship between cultural intelligence capability and international business negotiation or even penetration.

**7. (Nagpal, 2006)**

This article titled, “Information Technology Sourcing Capability” conceptualizes Information Technology Sourcing Capability as a key capability of a firm adopting and managing IT. The study views this capability as an ongoing integration of in- and outsourced resources through sensing, integration and control. New information technologies, larger and more capable vendors, globalization, and improvement in technologies and practices relating to IT design and delivery have changed sourcing practices. The study findings state that the dimensions of this capability are theorized, and implications for research and practice are not highly practiced. This capability comprises three recommendations in a form of three dimensions to be focused on and activated appropriately: internal business and IT competences, technology sensing capabilities, and integration/boundary spanner capabilities. Each of these dimensions is linked to success with sourcing arrangements increasingly being used by firms.

**8. (Ayuso and Ricart, 2006)**

This article titled, “Unbundling Competitive Heterogeneity: Incentive Structures & Capability Influences on Technological Innovation Using Stakeholder Dialogue as a Source for New Ideas - A Dynamic Capability Underlying Sustainable Innovation” attempts to gain a deeper understanding of the firm's ability to integrate stakeholder insights into the process of organizational innovation within the context of sustainable development. Given the early stage of empirical research on the topic, it used an exploratory case study of two Spanish companies that have successfully learned from stakeholder dialogue and have generated innovations that are beneficial both to the company and to sustainable development in general. The findings of the study suggest that there are two simple capabilities - stakeholder

dialogue and stakeholder knowledge integration for generating innovations in accordance with stakeholder needs. It recommended that stakeholder dialogue have to leverage organizational resources that promote two-way communication, transparency and appropriate feedback. Also, stakeholder knowledge integration has to rely on non-hierarchical structures, flexibility and openness to change. The study sheds some light on the under-researched issue of linking stakeholder dialogue and sustainable innovation as a competitive capability and how it contributes to opening the black box of dynamic capabilities and advancing in the understanding of this fundamental organizational concept.

## **9. (Rothaermel and Deeds, 2006)**

This research paper titled “*Alliance Type, Alliance Experience, and Alliance Management Capability in High-technology Ventures*” is building on the recent theoretical notion that a firm's alliance management capability can be a source of competitive advantage. It investigates the effect of alliances on a high-technology venture's management capability. It defines alliance management capability as a firm's ability to effectively manage multiple alliances. To test the effect of alliance type on alliance management capability, it first establishes that the relationship between a high-technology venture's R&D alliances and its new product development is inverted U-shaped, regardless of alliance type (i.e., upstream, horizontal, and downstream alliances). Then, it posits that different alliance types place differential demands on a firm's alliance management capability due to the different types of partners involved and due to the different types of knowledge being transferred. Finally, it argues that firms build an alliance management capability through cumulative experience with strategic alliances over time. It tests the effects of alliance type and alliance experience on alliance management capability by drawing on a sample of 325 U.S biotechnology firms. It concludes that alliance type and alliance experience moderate the relationship between a high-technology venture's R&D alliances and its new product development. These results provide some preliminary recommendations for the taking care of an alliance management capability. The results further highlighted the relevance of alliance management capability for high-technology ventures since alliance experience appears to be a distinct construct, different from firm age and firm size. Taken together, these results underscore both the ability of a high-tech venture to create a competitive advantage based on its alliance management capability. It concludes with a broad recommendation that managers in high-tech ventures need to consider their current alliance portfolio as well as potential alliances within the context of their firm's alliance management capability.

**10. (Tong, 2005)**

This research paper titled “*A General Dynamic Capability: Does it Propagate Business Social Competencies in the Retail Food Industry?*” gives a growth model that is developed to substantiate the conventional concept that regards high-capability firms as an engine of sustained technological progress. High-tech industries are characterized by abounding technological capabilities, which promote endogenous high capability firms due to a competitive escalation mechanism. While high-tech capability firms capitalize on the existing innovation potentials, they also contribute to recharge. The study concludes that they (dynamic capabilities) are a source of growth and high wage rate. It stated in high-tech capability growth mechanism is not widely adoptable across retail food industries firms and it points to the role of the underlying corporate governance systems.

**11. (Hefley and Siegel, 2005)**

This research titled, “A Framework for Best Practices in the Sourcing Life-Cycle: The Architecture of Capability Model for Client Organizations” does state that organizations are increasingly delegating their intensive business activities to take advantage of the rapid evolution of the global telecommunications infrastructure. The business processes being outsourced range from routine and non-critical tasks, which are resource intensive and operational, to strategic processes that directly impact revenues. Managing and meeting client expectations is a major challenge in IT-enabled services. The study concludes that the competitive capability model for client organizations is a “best practices” capability model with two purposes; one gives client organizations guidance that will help them improve their capability across the sourcing life-cycle, and another provides client organizations with a means of evaluating their capability.

**12. (Sarkar and Madhok, 2005)**

This article titled, “A Process View of Alliance Capability: Generating Value in Alliance Portfolios” investigates the source of heterogeneity in the distribution of alliance capabilities among firms, and relates it to business processes that enable firms to generate collaborative value. The study argues the importance of examining such a capability through the lens of organizational processes. Based on a theoretical framework of collaborative rents, the study identifies three processes - namely alliance proactiveness, relational orientation and portfolio coordination as constituting such a capability, using data from 235 firms, and controlling for alliance experience and the presence of a dedicated alliance capability. The

study concludes that the three processes play an important role in enhancing a firm's alliance portfolio. Further, the study concludes that the alliance portfolio has a positive impact on firm performance. Thus the study recommends deriving value from alliance portfolios through an alliance capability emanating from organizational processes.

**13. ((Keimeriks, 2005) , 2005)**

This article titled, “Alliance Capability as a Mediator between Experience and Alliance Performance: an Empirical Investigation into the Alliance Capability Development Process” is centered on the way in which firms can enhance alliance performance through the development of alliance capabilities. Whereas most research has focused on inter-firm capabilities of alliance performance, research on intra-firm capabilities pointing to prior experience and internal mechanisms to foster knowledge transfer has only recently emerged. As little is known about how firms develop alliance capabilities, this study aims to uncover how differences in sources of alliance capability development explain performance inefficiency. The data come from a detailed survey held among alliance managers and Vice-Presidents of 151 U.S firms. The study does not only concludes that alliance capabilities partially mediate between alliance experience and alliance performance, but also yields insights into the micro-level building blocks underlying the process of alliance capability development.

**14. (Massdy and Elkin, 2005)**

This research paper titled, “A Framework for Building Management Capability in New Zealand” states that almost without exception, economies of the world are based on firms that are small or medium in size, and the last decades have seen an increasing focus on the SME sector and its critical role in sustainable economic development. In New Zealand, this is also the case - the SME sector accounts for a large amount of employment, and a significant proportion of GDP. However, individual SMEs seem to be reluctant to engage in 'developmental activities' such as training and other capability-building initiatives. The consequence is that the sector as a whole is usually regarded as one that has not fulfilled its potential. In response, many governments and industry associations have responded by supplying an ever-increasing array of products and services that seek to maximize firm performance and management capability, and develop new dimensions of knowledge and practice and by attempting to answer some of the key questions about why firms do or do not engage in developmental activities. This study is designed as a first step in enhancing levels



of managerial capability in New Zealand firms. The task for the research was to: review the literature on management capability, drawing from New Zealand sources where possible, and develops a framework for assessing management capability in New Zealand (using international studies where relevant) and finally Identify indicators that could be used to measure the levels of management capability in New Zealand.

**15. (Ryall, 2005)**

This article titled, “Causal Ambiguity, Operating Complexity and Strong Capability-Based Advantages” claims that the presumed connection between causal ambiguity and sustained, capabilities-based performance advantages is well-known to strategy researchers. This study presents the first formal examination of this connection. It provides a precise distinction between the intrinsic, or potential, level of causal ambiguity associated with a particular strategy and the actual level that obtains in equilibrium. It concludes that intrinsic ambiguity is a necessary but, contrary to the speculation of some, insufficient condition for a sustained capability-based advantage. Most importantly, It also concludes that the complexity of the network of causal relations induced by a firm's strategy is not positively correlated with its intrinsic level of ambiguity. This contradicts earlier conjectures that have found their way into mainstream thinking.

**16. (Dagnino and Mariani, 2005)**

This article titled, “Dynamic Gap Bridging and Realized Gap Set Development: The Strategic Role of the Firm in the Co-evolution of Capability Space and Opportunity Space” is building on the hypothesis that firm strategy is fundamentally a dynamic process of gap bridging between capability space and opportunity space, this article investigates upon the strategic role of the firm in influencing the co-evolution of the capability space and the opportunity space. In more details, it contributes to strategy literature by introducing and discussing a typological distinction of a few dynamic gap sets (i.e., potential gap set, realized gap set, deliberate gap set, emergent gap set), which are deployed in a comprehensive conceptual framework underscoring the causes and consequences of the gap sets evolution. Additionally, the framework proposed is able to shed new light on the distinction between deliberate and emergent strategies and to reconnect them to the objectives of innovation and execution they are aimed to achieve. This study concludes a way of synthesizing the dichotomy, already familiar to strategy analysis, between strategy formulation and strategy implementation and to enhance the hermeneutic and interpretive capacity of the conceptual

backbone. In an integrative fashion, whereas strategy formulation refers to the firm's mindful predisposition of the capabilities required to bridge the strategy gap between capabilities and opportunities, strategy implementation is concerned with the 'real' operational closure of the strategy gap.

**17. (Massey and Gawith, 2005)**

This article titled, “Building Management Capability in New Zealand: An Assessment of Supply and Demand” states that the research was commissioned by the Ministry of Economic Development as part of its broader work programme on developing the management capability of New Zealand businesses. The overall objective of the research was to assist the Ministry of Economic Development to improve its understanding of “the supply of, and demand for, and management capability initiatives”. To achieve the objective above the researchers were asked to undertake to: 1. Carry out a stock-take (and assessment) of the supply of existing management capability initiatives (both formal and informal) available to New Zealand managers and firms, 2. Make an assessment of existing demand across the 'market' for management capability initiatives, 3. Provide analysis of the match between existing supply and demand, and the effectiveness of matching mechanisms. It concludes that there is a strong relation between building management capabilities and the effectiveness of supply and demand.

**18. (Athreye, 2005)**

This article titled, “The Indian Software Industry and its Evolving Service Capability” examines the growth of dynamic capabilities among firms in the Indian software industry by looking in some detail at the changing constraints, opportunities and competition facing incumbent firms. It emphasizes the important role played by tight labour market conditions in inducing investment in process capability and the role of entrepreneurial experimentation in evolving a business model (outsourced software) that was best suited to limited resource advantages of Indian software firms. It concludes that there is a strong tie between a software industrial firm and the service capability it sticks to in order to achieve success.

**19. (Breznitz, 2005)**

This article titled, “Development, Flexibility, and R&D Performance in the Taiwanese IT Industry - Capability Creation and the Effects of State-Industry Co-Evolution” states that most of the East Asian Newly Industrialized Countries (NICs), Taiwan has one of the most

inspiring experience. In almost all accounts of Taiwan, the state has been described as the major impetus of economic development and technological upgrading. Consequently, Taiwan has become the "poster child" of the neo-developmental state theories. This study takes a critical view of these accounts, exploring the capabilities and limits of the Taiwanese state in achieving sustained industrial growth in two key sectors of the IT industry, software and IC design. This is done through mapping the evolution of the two sub-sectors and the changing roles of the state in it. Specifically looking at capabilities, innovations, and business models employed by private firms. The main findings are, first, that the division of labor between state and private industry that successfully developed an industrial system utilizing business capabilities such as R&D activities and concepts of development and innovations. Second, that the public research institution-based industrial technology policy of Taiwan has been helping the growth of private industry when institutions created and expanded multiple and broad interactions with the private IT industry; and when the public research institute has seen private IT firms as their final customers.

**20. (Hboday and Davies, 2005)**

This article titled, "Systems integration: a core capability of the modern corporation" states that many of the world's leading firms are developing a new model of industrial organizations based on systems integration as a core capability. Rather than performing all productive tasks in-house, companies are building capabilities to design and integrate systems, while managing networks of component and subsystem suppliers. This study illustrates how systems integration evolved from its military, engineering-based, origins in the 1940s and 1950s to a modern-day strategic capability across a wide variety of sectors. Taking a resource-based view of the firm. The study concludes that systems integration capabilities underpin the way high-technology companies compete by moving selectively up- and downstream in the marketplace through the simultaneous "twin" processes of vertical integration and disintegration. It also concludes that systems integrators of capital goods move downstream into service-intensive capabilities to expand revenue streams and increase profitability. By contrast, producers of high-volume components and consumer goods use systems integration capabilities to exploit upstream relationships with input suppliers. In both cases, strategic options and capabilities are shaped by the life cycle of each product. The study develops a clearer understanding of systems integration, arguing that it now represents a core capability of the modern high-technology corporation.

**21. (Woiceshyn and Daellenbach, 2005)**

This article titled, “Integrative capability and technology adoption: evidence from oil firms” states that for most companies, adopting new technology is a necessity of survival. But why do some firms fare better than others in adopting new technology? Why do some firms possess a greater ability to integrate it into their operations than others? These questions are addressed via a comparative case study of U.S oil firms that all adopted the same technology. Two efficacious and two less efficacious adopters were contrasted. They differed in the processes of adoption: the efficacious adopters developed strong strategic commitment to the technological capabilities, facilitating their more extensive external and internal integration activities. The more efficacious firms differed from the less efficacious ones also in their knowledge systems capabilities: employee skills, technical and managerial systems, and values and norms. The study concludes that the firms` integrative capability developed through a dynamic interplay of adoption processes and their knowledge systems, and affected efficiency of adoption. The study contributed to the literature of firm capabilities by providing an empirically based model of the development of integrative capability in the context of high-uncertainty technology adoption

**22. (Chang, 2005)**

This research paper titled, “International Expansion Strategy of Japanese Firms: Capability Building through Sequential Entry” investigates the sequential entry process of Japanese electronic manufacturing firms into the United States during 1976-89. The study found that firms sequentially enter businesses where they have a stronger competitive capabilities over locals and core businesses first in order to reduce the hazard of failure. The learning from early entry enables firms to launch a further entry into an area of less strong competitive capabilities. The overall evidence in this paper suggests that firms are building capabilities to operate overseas through sequential entry.

**23. (Keil, 2004)**

This article titled, “Building External Corporate Venturing Capability” states how firms build new capabilities to adapt to changing environments is at the core of strategic management. However, research has addressed this question only recently. In this study, It proposes a model that describes how firms develop a capability to create and develop ventures through corporate venture capital, alliances, and acquisitions. The study is based on two longitudinal case studies of large corporations operating in the information and

communication technology sector in Europe. At the core of this model are learning processes that enable the firm to build up an external corporate venturing capability, by utilizing learning strategies both within and outside venturing relationships. To build this new capability, firms engage in acquisitive learning. The study concludes that critical to deepening the capability acquired is the adaptation of all knowledge to the firm specific context through experiential learning mechanisms. It also concludes that the important role of the initial conditions and knowledge management practices is to play in determining the direction and effectiveness of specific learning processes that lead to an external corporate venturing capability.

#### **24. (Beer and Eisenstat, 2004)**

This paper titled, “*Developing Organizational Capability to Compete*” states that the researchers developed a process by which leadership teams in many business units could develop an organization capable of implementing strategic capabilities. Leadership teams of twenty units implemented the self diagnosis and redesign process between 1999 and 2004. The process was designed to achieve systemic as opposed to programmatic change, to surface undiscussible data about barriers, and to develop a unique capability of partnership with employees. Research aimed at understanding what process and management context are required to institutionalize an alignment and capability building process. The research, funded by Harvard Business School, relied on the following methods: content analysis of capability building barriers, interviews, questionnaires and management's reactions to findings. The process succeeded in making previously hidden barriers discussible, and resulted in significant changes. Reasons for its failure to develop a real competitive capability of partnership with employees is believed to be the absence of an organizational learning capability.

#### **25. (Alcacer, 2003)**

This article titled, “Location Choices Across the Value Chain: How Activity and Capability Influence Agglomeration and Competition Effects” shows how there has been a recent revival of interest in the geographic component of firm strategy. Recent research suggests that two opposing forces - competition costs and agglomeration benefits - impact a firm's geographic strategy, along with location traits. Unexplored is (1) how the tradeoff between these opposite forces changes according to the activity a firm performs in a given location - R&D, production or sales - and (2) how firm capabilities increase or decrease

competition costs and agglomeration benefits. It explored these questions using the worldwide location decisions of firms in the cellular handset industry. It concludes that, compared to a random distribution of activities across locations, production and sales subsidiaries are more geographically dispersed and R&D subsidiaries are more concentrated. When distinguishing firms by their capabilities, It found that more-capable firms co-locate less than less-capable firms, regardless of the activity performed.

**26. (Adler, Riley and Lee, 2003)**

This paper titled, "*Performance Improvement Capability: Keys to Accelerating Performance Improvement in organizations*" the study confirms that organizations differ considerably in their rate of performance improvement. Since any improvement trajectory is the fruit of a series of improvement projects, the proximate cause of this variation among organizations lies in the different competitive capability that an organization owes and in the varied ways these organizations are managed. The success of these projects depends, however, not only on the goals and efforts of the project team, but also on the competitive capabilities of these organizations beside the context within which the projects are undertaken and, more specifically, on the competencies on which the projects can draw. It is variation in these competencies - the organization's underlying "performance improvement capability" (PIC) - that explain the substantial and sustained differences in rates of improvement across organizations. This article describes the efforts of several organizations to strengthen their PIC through 5 key components: 1. skills, 2. systems, 3. structure, 4, strategy, and 5. culture.

**27. (Repenning and Sterman, 2002)**

This article titled, "Capability Traps and Self-Confirming Attribution Errors in the Dynamics of Process Improvement" tackles how to better understand the factors that support or inhibit internally-focused change, the study reports the results of an inductive study of one firm's attempt to improve two of its core business capabilities. The study suggests that the critical determinants of success in efforts to learn and improve are the interactions between managers' capabilities regarding the cause of poor organizational performance and the physical structure of the workplace, particularly delays between investing in improvement and recognizing the rewards. The study proposes a dynamic model capturing the mutual evolution of those capabilities, managers' and workers' actions, and the production technology. The study concludes how managers' beliefs about those that work for them, workers' beliefs about those who manage them, and the physical structure of the environment can co-evolve to yield

an organization that is not characterized by conflict, mistrust, and control structures that prevent useful change of any type.

### **1.5 Comments on the previous studies**

The previous studies reflected a series of important conclusions; they suggest that efficiency and innovation are of great strategic and substantive role in building dynamic capabilities as (O'reilly and Tushman, 2007) stated in their study. Also most of the studies support the notion that differences in the incentives and competitive capabilities of small and large firms give rise to heterogeneity in the firms' innovation activity as (Leiblein and Madsen, 2006) stated in their study. In addition to that other studies such as Liu's stated that cultural intelligence is an important individual capability in international business negotiation. It proposes a conceptual model, discussing the impacts of cultural intelligence on international negotiation and the potential factors that moderate its impacts. Moreover, (Nagpal's, 2006) emphasized the role of technology as a capability that comprises three dimensions: internal business and IT competences, technology sensing capabilities, and integration/boundary spanner capabilities. Each of these dimensions is linked to success if they increasingly being used by firms appropriately. Another study considered alliances as a major capability for the firm. This was highly introduced in the study of (Rothaermel and Deeds, 2006) as it came to a conclusion that Managers in high-tech ventures need to consider their current alliance portfolio as well as potential alliances within the context of their firm's alliance management capability. And also (Keimeriks, 2005) study revolved in the same circle where it centers around the way in which firms can enhance alliance performance through the development of alliance capabilities. Finally (Beer and Eisenstat, 2004) presented a study that gives a way in developing organizational capabilities to compete in which they proposed a model that describes how firms develop a capability to create and develop ventures through corporate venture capital, alliances, and acquisitions. Their model is based on two longitudinal case studies of large corporations operating in the information and communication technology sector in Europe. At the core of this model are learning processes that enable the firm to build up an external corporate venturing capability, by utilizing learning strategies both within and outside venturing relationships

To sum up, I may say that the English previous studies did not conduct the competitive capabilities in a way that this study tried to. Each of the previous English studies tackled the concept of business capabilities in isolation; in other words they did not try to

combine these capabilities in a set to formulate a model of competitive capabilities. This study handles the issue from a comprehensive perspective that included all the factors and indicators that may build a distinguished and qualified business with competitive capabilities that are able to let it compete locally and internationally.

### **1.6 Arabs Previous Studies:**

Despite the existence of many previous studies in the field of strategic planning and competitive capabilities, but these were few studies. The researcher has accessed to the majority of these studies to take a look at the other studies discussing the competitive capabilities in general. Among the most prominent of these studies are the following:

#### **1. Nasr (2005):**

This study entitled: "A study for the food industries sector in Palestine" has been under the supervision of Massar company for investments and technical consulting to the industry modernization. The aim of this study was to identify the reality of Palestinian food industries and to analyze the strengths and weaknesses, and identify alleged opportunities for development. In addition to identifying threats that could impede success, in order to suggest appropriate strategies to enhance the competitiveness of this crucial sector. This study has provided several recommendations for producers, the Union of Palestinian food industries and the public sector.

Some of the most important recommendations for the producers:

- 1- The need to adhere to the quality of goods produced.
- 2-They have to pay attention to marketing and promotion of products through advertising and also paying attention to packing and packaging and the outside features of the commodity. They have to posters containing accurate information on the product, in terms of components and production date and duration of the usability and the method of use.
- 3-They have to look after the wishes of consumers to satisfy their taste through diversification of products. They advise the production of new strains substitute the imported foreign products. Finally, they concluded by saying that they have to continue in development and innovation to attract more consumers.

#### **2. Migdad , Alrfaty and Alnmrouti and Albelawi (2004)**

This study is entitled: "Mechanisms of replacing imported goods from Israel, a study to establish a set of domestic goods," The study aimed to identify the imported goods from



Israel in the occupied Palestinian territories and the local capability of replacing them. As well as it aimed to identify the quality of local goods and the ability to protect these goods. The researcher concluded that there is a great need to start focusing on food and agricultural industries in their various forms to achieve the desired goal. As they constitute an important priority in the replacement of the imported Israeli goods. According to the study, there are a range of factors that contribute to the ability of these products to be replaced locally. The order of these factors are: looking after quality, reducing prices, looking after the form and packaging, publicity and advertising attention, and additional grounds such as certificates of quality locally and internationally.

### **3. Atrash (2002):**

This study is entitled: "impediments to the Palestinian economy and the policies required to achieve an independent and progressive development", was prepared to obtain a doctorate degree in economic studies from the Institute of Arab Studies in Cairo. This study aimed to identify the capabilities of the Palestinian economy and to assess the possible output in addition it aims at estimating some economic policies also to assess the opportunities and possibilities for the development of independent entity of modern economy. One of the most important findings of the study was that it found the appropriate strategy to guide the Palestinian production is to give special importance to the policy of imported goods replacement or substitution, especially of consumption goods, particularly in the agricultural processing field. The research concludes that the strategy trend in producing locally or internationally are not to replace each other.

The study revealed the existence of gaps in the performance of the Palestinian National Authority, contributed to discouraging investment processes, monopolistic activity, and administrative obstacles and corruption. The main focus is on the activity-taking, at the expense of productive activity. This requires the government in the event of a Palestinian State to determine a far-reaching policy of building institutions and reform measures, and reconstruction programs to guide and enumerate strategic development policy.

### **4. (Migdad and others, 1999) :**

This study is entitled: "An analysis of performance in the small-scale industries- case study, Gaza Strip," was conducted to obtain a doctorate degree from the University of Bradford in Britain. The study stated that performance in the industrial sector in the Gaza

Strip is influenced by a number of factors, such as the type of industry, size of the business, the prevailing political situation; Israeli practices affect it substantially, though clothing sector faces fewer constraints from Israel. This sector is not considered a rival to his Israeli counterpart, but it is a complement. The study has proved at the end that the clothing sector achieve a high percentage of profits, while the figure in food industries sector is not that much. Also, (Migdad and others, 1999) stated that there were many factors affecting performance in the industrial sector in the Gaza Strip. These factors can be summarized as follows:

- 1- The lack of raw materials available because Israel controls crossings on the Israeli side.
- 2-Limitation of financial support for the industrial sector in the Gaza Strip.
- 3- The control of the traditional old technology on this sector.

(Migdad and others, 1999) recommended at the end of his study, the need to provide an appropriate atmosphere for workers, in order to extract all the potentials they have through the application of a fair system of incentives to guarantee labor rights in the fixed time regular. Also, he recommended that human resource development and refinement of personnel and training, which will affect positively on productivity, must be taken into great consideration. One of the most important external factors affecting the productivity of the work is commercial crossings from one hand, and the need for coordination with the Israeli authorities on the second hand. There is a tremendous need to facilitate the transit of materials and personnel, as recommended by the need to provide financial support to enterprises in order to increase their competitiveness and raise productivity rates.

##### **5. (Mahmmoud, 1999) (1999):**

This study is entitled "The reality of the food industries in the provinces of Gaza" It is a study under the supervision of the Director of market studies of the Palestinian Ministry of Supply. The study aimed to identify the level of quality, production and marketing of food industries in the Palestinian governorates of Gaza, and the difficulties they face, and it considered the proposals of factory owners, and the possibility of establishing alternative food products from local food products as a replacement for the imported ones.

The study reached several important conclusions that I can outline the most important in the following points:

- 1-Increasing the number of food factories in the provinces of Gaza, as a basic strategy.
- 2- Improving the standards of quality in food factories under the Palestinian oversight role that the Ministry of Supply and the Ministry of Health hold.

3- Food industries face a strong competition from products imported into the Palestinian market.

4- Food industries face a Palestinian problem of multiple funding and cash liquidity in addition to the shortages in raw materials.

#### **6. Palestinian Ministry of Planning and International Cooperation (1998):**

This study was conducted by the Ministry of Planning and International Cooperation and it is entitled "Building competitive advantage in the Palestinian economy, a group of food processing, Volume II, Part A, and part B." The study provided a series of recommendations to both the private sector and public sector.

First: recommendations for the private sector:

1- Working hard to improve the quality of food products to enable them to compete in the domestic market and overseas markets.

2- Working on renovation and development of production lines and the use of sophisticated engineering expertise involved in improving the efficiency of production lines.

3- Looking after the marketing of food products, and operating crews of professional workers with experiences and skills in attracting consumers for the benefit of the Palestinian food industry.

4- Working on the utilization of agricultural surpluses, planning and setting up new factories such as juice plants, jam factories, pickles plants, olive oil plants, and others.

5-Working hard to export abroad and let the focus be on the Arab world because of the proximity of the Arab markets with Palestine and because of the cultural relations between Palestine and the Arab states.

Second: recommendations for the public sector:

1-Working hard to create incentives for local and foreign investors to invest in the food industries sector.

2- Establishing training institutes on the development of the capacities of workers in the food industry in the areas of technical and administrative abilities and the development of technological productivity.

3- Working hard to improve the infrastructure of food industries.

#### **7. Nofal (1995):**

This study is entitled: "Food Industries in the Gaza Strip, the results of field research", where the aim of this study is to shed light on many aspects of food industries sector in terms

of the relative distribution, the reality, the problems experienced and the prospects for their development. It focused upon the changes that have occurred to these industries after the Palestinian National Authority and what achievements or complications are there. The study found several significant results, summarized below:

- 1- Small size industrial projects operating in food processing.
- 2- Low technical level in the production process.
- 3- Absence of exploiting optimum production capacity due to the weak administrative capacity of production planning and inventory.
- 4- Weak export capacity due to the unfamiliarity with international specifications, weak marketing system (regardless of Israeli obstacles).

### **1.7 Commenting on Arab previous studies:**

The previous studies focused on a series of important recommendations, such as the need to adhere to the quality of food commodities, which are produced locally as what Nasr stated in his study. They also focused on the importance of focusing on food and agricultural industries in their various forms of economic development to achieve the desired objectives of economic growth as (Migdad and others, 1999) pointed out. (Migdad and others, 1999) stated that the strategy trend should be for production towards the inside or the outside since they are not alternatives for each other. Also Atrash with (Migdad and others, 1999) stated that there must be concentration on the importance of finding the specialized banks to provide financial facilities for food industries as Mahmoud pointed out. He stated that the protection of gross domestic product is to be rescued by preventing the importation of food products which can be categorized and locally produced. This is to encourage exporting to the external market. Abu Ful agreed with this perspective, and added that there must be an intensified communication and cooperation between industry and the complementary organs of the Palestinian Authority to enable it to identify the precise problems facing this industry and work to develop it, as Nofal also considered.

To sum up, I may say that these studies did not expose to the concepts this research tackled, i.e. they did not tackle the industrial sector in term of competitive capabilities in particular. Therefore, this research study is considered to be comprehensive coverage, where the researcher relied on the very recent information obtained from the PCBS and the Ministry of National Economy in October 2005, particularly with regard to food factories and the relative distribution in the provinces of Gaza. The study covered a sample of all the provinces

of Gaza. Therefore, this research is a new addition to the deserved studies and analysis, and provide researchers, experts and Palestinian businessmen with information and new insights about their business capabilities.

## **1.8 Conclusion**

This Chapter tackled the items of research problem and the research question in addition to the research hypothesis, objectives, importance, variables, structure, limitations and difficulties. It also handled the previous studies and the literature of the competitive capabilities in previous studies either in Arabic or in English languages. The studies were useful but still they did not concentrate mainly on the competitive capability the same as they concentrated on the business capabilities, and this was clear in the previous studies in English. While the previous studies in Arabic were tackling the field of the study which is food manufacturing sector and its characteristics.

## Chapter Two

# Competitive Capabilities

- *Introduction .*
- *what are Capabilities .*
- *Comparison Among Change Strategies*
- *Total Quality Management and Competitive Capabilities .*
- *Conclusion .*

## **2.1 Introduction:**

This chapter tackles the basics of determining, building, evaluating and sustaining the competitive capabilities of any firm. After such descriptions can be developed, insight into a comparison between total quality management and competitive capabilities is to be presented. This chapter therefore reviews Total Quality Management compared to competitive capabilities, the importance of these capabilities, the sources of these capabilities, the Types of capabilities "distinctive and reproducible capabilities", capabilities – the basis of competitive advantage, competitive capabilities model 'indicators', capabilities and process design, business capabilities or business processes, business capabilities and business strategy, competitive capability building, business capability and core competencies, and finally competitive capabilities and competitive advantage.

## **2.2 What are Capabilities?**

Business capabilities are a combination of business processes, people (organization, knowledge and skills, culture), technology solutions, and assets (facilities, funds, etc.) aligned by strategic performance objectives.

Capabilities are the building blocks of the enterprise. They have relationships to each other and to the environment, and we need to pay attention to these interfaces, and to be clear on what responsibilities are being assigned to a capability. Together, people, process, technology and performance management yield a capability that has quality characteristics. These quality characteristics are important in driving the capability design process (Wright, 1998).

It is your ability to perform better than competitors using a distinctive and difficult to replicate set of business attributes. Capability is a capacity for a set of resources to interactively perform a stretch task (Charles and Gareth, 1998).

### **Capabilities – the Basis of Competitive Advantage**

Through continued use, capabilities become stronger and more difficult for competitors to understand and imitate. As a source of competitive advantage, a capability "should be neither so simple that it is highly imitable, nor so complex that it defies internal steering and control." Capabilities grow through use, and how fast they grow is critical to your success (1000ventures, 2006).

According to the new resource-based view of the company, sustainable competitive advantage is achieved by continuously developing existing and creating new resources and

capabilities in response to rapidly changing market conditions. Among these resources, in the new economy, competitive capabilities represent the most important value-creating asset (Thompson, 1996).

## **2.2.1 Types of Capabilities**

### **1. Distinctive and Reproducible Capabilities**

The opportunity for a company to sustain its competitive advantage is determined by its own capabilities of two kinds – distinctive capabilities and reproducible capabilities - and their unique combination can be created to achieve synergy. Distinctive capabilities – the characteristics of a company which cannot be replicated by competitors, or can only be replicated with great difficulty - are the basis of a sustainable competitive advantage. Distinctive capabilities can be of many kinds: patents, exclusive licenses, strong brands, effective leadership, teamwork, or tacit knowledge.

Reproducible capabilities are those that can be bought or created by the firm's competitors and thus by themselves cannot be a source of competitive advantage. Many technical, financial and marketing capabilities are of this kind. Distinctive capabilities need to be supported by an appropriate set of complementary reproducible capabilities to enable a company to sell its distinctive capabilities in the market it operates (QuickMBA,2004).

### **2. Tacit Knowledge as a Source of Competitive Capabilities**

Tacit knowledge underlies many competitive capabilities. The experience, stored as tacit knowledge, often reaches consciousness in the form of insights, intuitions, and flashes of inspiration. The marvelous capacity of the management mind to make sense of previous collection of experiences and to connect patterns from the past to the present and future is essential to the innovation process. The creativity necessary for innovation derives not only from obvious and visible expertise, but from invisible reservoirs of experience.

Tacit knowledge, or implicit knowledge, as opposite to explicit knowledge, is far less tangible and is deeply embedded into an organization's operating practices. It is often called 'organizational culture'. Tacit knowledge includes relationships, norms, values, and standard operating procedures. Because tacit knowledge is much harder to detail, copy, and distribute, it can be a sustainable source of competitive capability. What increasingly differentiates success and failure is how well you locate, leverage, and blend available explicit knowledge with internally generated tacit knowledge (1000ventures, 2006)



### **3. Teamwork as a source of Competitive Capabilities**

Teamwork is essential for competing in today's global arena, where individual perfection is not as desirable as a high level of collective performance. In knowledge based enterprises, teams are the norm rather than the exception. A critical feature of these team is that they have a significant degree of empowerment, or decision-making authority. There are many different kinds of teams: top management teams, focused task forces, self-directed teams, concurrent engineering teams, product/service development and/or launch teams, quality improvement teams, and so on (1000ventures, 2006).

### **4. Results-Based Leadership as a Source of Competitive Capabilities**

Results-based leadership has relentless emphasis on results. It's simple equation:

Effective leadership = attributes × results.

"This equation suggests that leaders must strive for excellence in both terms: that is, they must both demonstrate attributes and achieve results. Each term of the equation multiplies each other; they are not cumulative."

What is missing in most leadership-related writings and teachings, is the lack of attention to results. Most of them focus on organizational capabilities - such as adaptability, agility, mission-directed, or values-based - or on leadership competencies - such as vision, character, trust, and other exemplary attributes, competencies and capabilities. All well and good, but what is seriously missing is the connection between these critical capabilities and results. And this is what results-based leadership is all about: how organizational capabilities and leadership competencies lead to and are connected to desired results. (1000ventures, 2006).

Results-based leaders define results by understanding audience and customer needs. They continually ask and answer the question – "What is wanted?" – before they decided how to meet these needs.

Employees willingly follow result-based leaders who know both who they are (their own leadership attributes) and where they are going (their targeted results). Such leaders instill confidence and inspire trust in others because they are direct, focused, and consistent.

Results-based leadership makes performance measurement easier. Without a results focus, calibration of leadership becomes extremely difficult. Measuring results helps organizations in many ways, from tracking leaders' individual growth, to comparing leadership effectiveness in similar roles, to clarifying the leader selection process, to structuring leadership development programs, to using results as the standard filters who should enter an organization and how they should be trained (1000ventures, 2006).

### **2.2.2 Competitive Capabilities Building**

What factors might be examined in order to make sound competitive capability? How do firms identify the most useful information in regard to competitive capabilities? How do firms prioritize areas for action? How do firms best establish the capability to be 'future ready'?

In addressing these critical questions the focus will be on the strategic outcomes of capability planning. There is no single approach or common model when it comes to capability planning. While one company may have the need and capacity to undertake complex planning, it may be sufficient for another to simply 'look around the room' to identify key capabilities both now and in the future (Massdy and Elkin, 2005)

#### **First stage: Where are we heading?**

Understanding the strategic context and this comes by examining all of the external and internal operating environments consider using SWOT analysis, which is the Study of Strengths, Weaknesses, Opportunities and Threats. In other words it is the study of the internal and external environment of the establishments within its industry. Also, examining the possible, probable and most likely future scenarios (e.g. growth/reassignment of priorities, change in work requirements). In addition to studying the planned organizational change, company's performance, customer feedback and the organizational culture.

After finishing these studies it is the time to decide what is companies competitive capabilities objectives, competitive capabilities approach (e.g. top down, bottom up, planning horizons, all or some business units), goals and critical success factors to aid in evaluation, the organizational and business unit specific capabilities requirements emerging from the most likely scenarios. Then it is the time to execute by delivering the persuasive business case which reflects the company's key priorities and indicates how competitive capabilities will

tackle strategic capability challenges, competitive capability framework, change management, communication and evaluation strategies, shared understanding of the required capability profile for pivotal roles in the company's structure. (Massey and Gawith, 2005)

### **Second stage: Where are we now?**

Knowing the current capability and work programme by Examining the current roles, workflow and workload patterns. Critical capability data for a company could include, annual reports, performance ratings, staff interviews, skills audits, technology trends, and labour market data from relevant government agencies and industry bodies. After that it is the time to decide the pivotal roles for business success—now and future. Also, specific challenges to be dealt with through the competitive capability strategy and delivering a clear picture of the current state of the capability and an analysis of how capability issues impact on the delivery of business outcomes. (Massey and Gawith, 2005)

### **Third stage: How are we going to get there?**

Enhancing performance is the crucial element in this stage. This happens by examining gaps/deviation in current and future capabilities for strategy options to build organizational competitive capabilities. Prioritizing the identified competitive capabilities by integrated strategies to address each priority issue (adjustment of current/introduction of new practices) and determining the resources required to implement the strategy. In addition to handling a clear strategy review and evaluation mechanisms and delivering a comprehensive plans tailored to specific areas of the company (e.g. divisional, work group) and there must be an ongoing dialogue with line managers on emerging business and capability issues (Massey and Gawith, 2005)

### **2.2.3. Competitive Capabilities Indicators**

The quest to leverage competitive capabilities through effective management is a strategic initiative for many firms. Management literature has noted the lack of effective management of knowledge and called for establishing quantitative measures for these intangible assets. Unfortunately, most initiatives in reality have been information projects that result in only the consolidation of data and not much improvement in products or innovations. In order to initiate effective knowledge management, firms must focus on the identification of specific competitive capabilities and the capabilities that they represent within an organization. Only

through adequate measurement of these competitive capabilities firms can begin to tie their capabilities to value generating metrics and move towards a sustained competitive advantage. In this session there are twelve indicators that can be used to measure a company's level of competitive capabilities. These capabilities were presented by Competitive Fitness of Global Firms (CFGF, 2002).

1. Mission & Vision: are there broad lines and targets that effectively guide employees in shaping the firm of the future?
2. Customer Care: is satisfaction of customers' needs an important concern broadly shared within the firm?
3. Establishment's Culture: are there fundamental beliefs and values broadly shared by members of the firm?
4. Organization and Managerial Structure: are the structure and systems of the firm effective in helping management to steer the firm in the desired direction?
5. Production Planning: are external and internal information effectively gathered and processed to help management steer the firm in the desired direction?
6. Human Resources: how effective are the recruitment, development, deployment, and mobilization of human resources?
7. Technology: how effective are the acquisition, development, deployment and administration of tangible resources?
8. Development Innovation: how effective are the acquisition, development and implementation of new ideas in all facets of the firm's operations?
9. Product and Market Strategies: how effective are the selection and strategic management of key products and markets?
10. Marketing Operations: how effective is the management of marketing activities?
11. International management: how effective is the international management of human resources, technical resources, products and markets?
12. Performance Appraisal: how effective is the firm in obtaining positive results from its action?

These introduced indicators are the competitive capabilities areas within an organization to improve business value. In addition to that, each of these frameworks have provided valuable steps toward understanding the nature of competitive capability within an organization, they identified separate capabilities that may be individually measured and leveraged within a single organization to more effectively meet a business unit's objectives.

The objective of this research is to develop and validate a set of competitive capability area measures that accurately capture a firm's ability and status. For this purpose, capability assessment instrument to measure the level within each firm. In this paper, we provide the initial validation of the reviewing the composition of a firm's capability structure. This includes the human capital, technological factors, knowledge lifecycle, and the tacit/implicit/explicit nature of knowledge. Through the process of identifying these capability (CFGF, 2002)

### **2.3. Comparison among various kinds of Strategies and Competitive Capabilities**

This section therefore reviews various strategies compared to competitive capabilities, capabilities and process design, business capabilities or business processes, business capabilities and business strategy, competitive capability building, business capability and core competencies, and finally competitive capabilities and competitive advantage.

Further comparisons highlights the comparison better. TQM is to be preferred over competitive capabilities or business process reengineering (BPR) since it creates a complex-adaptive organization. The study of complex, dynamic systems, often referred to as the science of complexity can be applied to the study of organizations which are themselves complex systems. Complexity theory supports the concept that change can occur in organizations through continual improvement. By focusing on the process of continual improvement, TQM enables an organization to manage and learn from change and become an adaptive system. This results in other benefits such as compounded improvements and strong competitive capabilities, avoidance of system deterioration and reduction of risk. Competitive capabilities building, on the other hand, aims to make immediate breakthroughs in the entire processes and designing them to compete in the market of the industry. This results in an adequate organizational learning. TQM, is a comprehensive management philosophy which encourages organizations to develop a complex-adaptive system (Wilkinson and Redman, 1993)

### **2.3.1 Capability versus Process Design**

Process design focuses on activities to produce outcomes. Capability design includes process design, and adds technology to the consideration. Capabilities are not processes--a process delivers a capability using a mixture of people, technology, and location. The focus of capability design is on the outcome and the effective use of resources to produce a differentiating capability or an essential supporting capability (Coombs and Bierly, 2006).

### **2.3.2 Business Capabilities and Business Strategy**

Business capabilities can be directly tied to business strategy, creating a mechanism to directly connect enterprise design to business strategy. This is the goal that CEOs and top management have been identifying as a top priority, but it was illusive when the focus was on technology in isolation, or process in isolation. Capabilities also form a natural way to cascade objectives from a strategic to tactical level (Nagpal, 2006).

### **2.3.3 Business capabilities or business processes**

Business processes are used commonly for a long time. Business capabilities, abilities or function are less common, although they might be more important. If you want to understand why business capabilities might be more important as it follows;

There is a basic difference between business capabilities and business processes. The first is “What” the business can do in order to reach its business goals and objectives, while the second is “How” the business is doing those abilities, or what are the actions that taking place in order to do each one of those capabilities. Needless to say that it’s much easier to grasp and describe business processes (or how we’re doing task) rather than thinking what are the capabilities that we need in order to reach our business goals and objectives. Capabilities are more difficult to deal with. They are more abstract, and everything with higher level of abstraction takes more time and effort. But, capabilities have one huge advantage. What the business is doing is rarely changed while how the business is doing it tend to change a lot. It seems that abilities (which rarely changed) are more important than business processes (which tend to be changed) (Ayuso and Ricart, 2006)

#### **2.3.4. Core Competencies and Competitive Capabilities**

##### **Business Definition for: Competence and Competency.**

An acquired personal skill that is demonstrated in an employee's ability to provide a consistently adequate or high level of performance in a specific job function. Competence should be distinguished from competency, although in general usage the terms are used interchangeably. Early attempts to define the qualities of effective managers were based on lists of the personality traits and skills of the ideal manager. This is an input model approach, focusing on the skills that are needed to do the job. These skills are competencies and reflect potential ability to do something. With the advent of scientific management, people turned their attention more to the behavior of effective managers and to the outcomes of successful management. This approach is an output model, in which a manager's effectiveness is defined in terms of actual achievement. This achievement manifests itself in competences, which demonstrate that somebody has learned to do something well. There tends to be a focus in the United Kingdom on competence, whereas in the United States, the concept of competency is more popular. Competences are used in the workplace in a variety of ways. Competences are also used in reward management, for example, in competence-based pay. The assessment of competence is a necessary process for underpinning these initiatives by determining what competences an employee shows. At an organizational level, the idea of core competence is gaining in popularity. (BNET Business Dictionary, 2006)

“Core competencies are the major sources of strengths (human, organizational, physical-present or potential)” (Wright, 1998). There are many other authors who argue about this definition such as Thompson who states that “Core competencies are something a firm does especially well in comparison to its competitors” (Thompson, 1996).

Others such as Lynch (2000) states that core competencies are defined as “The group of skills and technologies that enable an organization to provide a particular benefit to its customers”.

The question that arises concerning core competencies is as follows: What are the main differences and similarities between both of them? A core competency is something that a firm can do well and that meets the following three conditions specified by Hamel and Prahalad (1990):

1. It provides customer benefits
2. It is hard for competitors to imitate

3. It can be leveraged widely to many products and markets.

A core competency can take various forms, including technical/subject matter know how, a reliable process, and/or close relationships with customers and suppliers (Mascarenhas et al. 1998). It may also include product development or culture such as employee dedication. Modern business theories suggest that most activities that are not part of a company's core competency should be outsourced. If a core competency yields a long term advantage to the company, it is said to be a sustainable competitive advantage.

### **2.3.5 Capabilities and Competitive Advantage**

**Competitive Advantage:** When a firm sustains profits that exceed the average for its industry, the firm is said to possess a competitive advantage over its rivals. The goal of much of business strategy is to achieve a sustainable competitive advantage.

Michael Porter identified two basic types of competitive advantage:

- cost advantage
- differentiation advantage

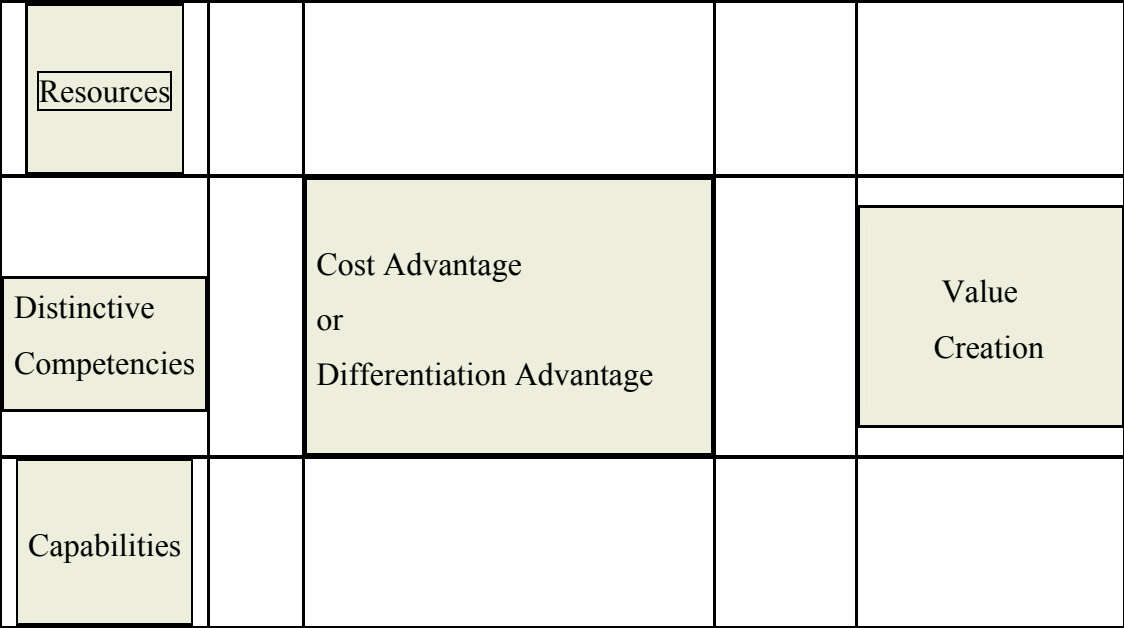
A competitive advantage exists when the firm is able to deliver the same benefits as competitors but at a lower cost (cost advantage), or deliver benefits that exceed those of competing products (differentiation advantage). Thus, a competitive advantage enables the firm to create superior value for its customers and superior profits for itself.

Cost and differentiation advantages are known as positional advantages since they describe the firm's position in the industry as a leader in either cost or differentiation.

A resource-based view emphasizes that a firm utilizes its resources and capabilities to create a competitive advantage that ultimately results in superior value creation. The following diagram combines the resource-based and positioning views to illustrate the concept of competitive advantage: (QuickMBA, 2004)



**Figure (2.2).** A Model of Competitive Advantage



Dagnino, Giovanni Battista and Mariani, Marcello M., "Dynamic Gap Bridging and Realized Gap Set Development: The Strategic Role of the Firm in the Coevolution of Capability Space and Opportunity Space" (June 2005).

**Resources and Capabilities**

According to the resource-based view, in order to develop a competitive advantage the firm must have resources and capabilities that are superior to those of its competitors. Without this superiority, the competitors simply could replicate what the firm was doing and any advantage quickly would disappear.

Resources are the firm-specific assets useful for creating a cost or differentiation advantage and that few competitors can acquire easily. The following are some examples of such resources:

- Patents and trademarks
- Proprietary know-how
- Installed customer base
- Reputation of the firm
- Brand equity

Capabilities refer to the firm's ability to utilize its resources effectively. An example of a capability is the ability to bring a product to market faster than competitors. Such capabilities

are embedded in the routines of the organization and are not easily documented as procedures and thus are difficult for competitors to replicate.

The firm's resources and capabilities together form its distinctive competencies. These competencies enable innovation, efficiency, quality, and customer responsiveness, all of which can be leveraged to create a cost advantage or a differentiation advantage (QuickMBA, 2004).

### **Cost Advantage and Differentiation Advantage**

Competitive advantage is created by using resources and capabilities to achieve either a lower cost structure or a differentiated product. A firm positions itself in its industry through its choice of low cost or differentiation. This decision is a central component of the firm's competitive strategy.

Another important decision is how broad or narrow a market segment to target. Porter formed a matrix using cost advantage, differentiation advantage, and a broad or narrow focus to identify a set of generic strategies that the firm can pursue to create and sustain a competitive advantage (Thomson, 1996)

### **Value Creation**

The firm creates value by performing a series of activities that Porter identified as the value chain. In addition to the firm's own value-creating activities, the firm operates in a value system of vertical activities including those of upstream suppliers and downstream channel members.

To achieve a competitive advantage, the firm must perform one or more value creating activities in a way that creates more overall value than do competitors. Superior value is created through lower costs or superior benefits to the consumer differentiation (Mintzberg, 1988).

## 2.4 Total Quality Management and Competitive Capabilities

### 2.4.1 What is Total Quality Management Concept?

Though many and varied definitions of TQM can be found in a vast literature, (Greene ,1993) definition of TQM's predecessor, Total Quality Control (TQC), seems to include all the elements contained in other authors' lists: *“An effective system for integrating the quality-development, quality maintenance, and quality-improvement efforts of the various groups in an organization so as to enable marketing, engineering, production, and service at the most economical levels which allow for full customer satisfaction.”*

That is, elements of TQM include: a focus on customers, continuous improvement of products and processes, employee involvement and management commitment to TQM. From an integration perspective, organizations which include many of the following elements could be said to be "practicing TQM". A key element of total quality management is involving everyone in the firm in the quest for quality. Operators are responsible for detecting, recording and solving their own problems, usually in small groups (Hari, 1995)

According to Wikipedia, the free encyclopedia, in engineering and manufacturing, quality control and quality engineering are involved in developing systems to ensure products or services are designed and produced to meet or exceed customer requirements. These systems are often developed in conjunction with other business and engineering disciplines using a cross-functional approach.

also known as Total Quality Control (TQC), is a management tool for improving total performance. TQC means organized company activities involving everyone in a company – managers and workers – in a totally systemic and integrated effort toward improving performance at every level. It is to lead to increased customer satisfaction through satisfying such corporate cross-functional goals as quality, cost, scheduling, manpower development, and new product development.

TQC activities are not limited to quality control only. Elaborate system of a company's strategies has been developed as management tools within the TQC approach. TQC is a movement aimed at improvement of managerial performance at all levels.

According to the Industrial Standards, "implementing quality control effectively necessitates the cooperation of all people in the company, including top management, managers, supervisors, and workers in all areas of corporate activities such as market research and development, product planning, design, preparation for production, purchasing, vendor management, manufacturing, inspection, sales and after-sale services, as well as financial control, personnel administration, and training & education. Quality control carried out in this manner is called company-wide quality control or total quality control (TQC)." Quality control deals with quality of people. It is the fundamental concept of the TQC. Building quality into its people brings a company a half-way towards producing quality products (Hauser and Clausing, 1988).

#### **2.4.2 Differentiating Attributes of Total Quality Management**

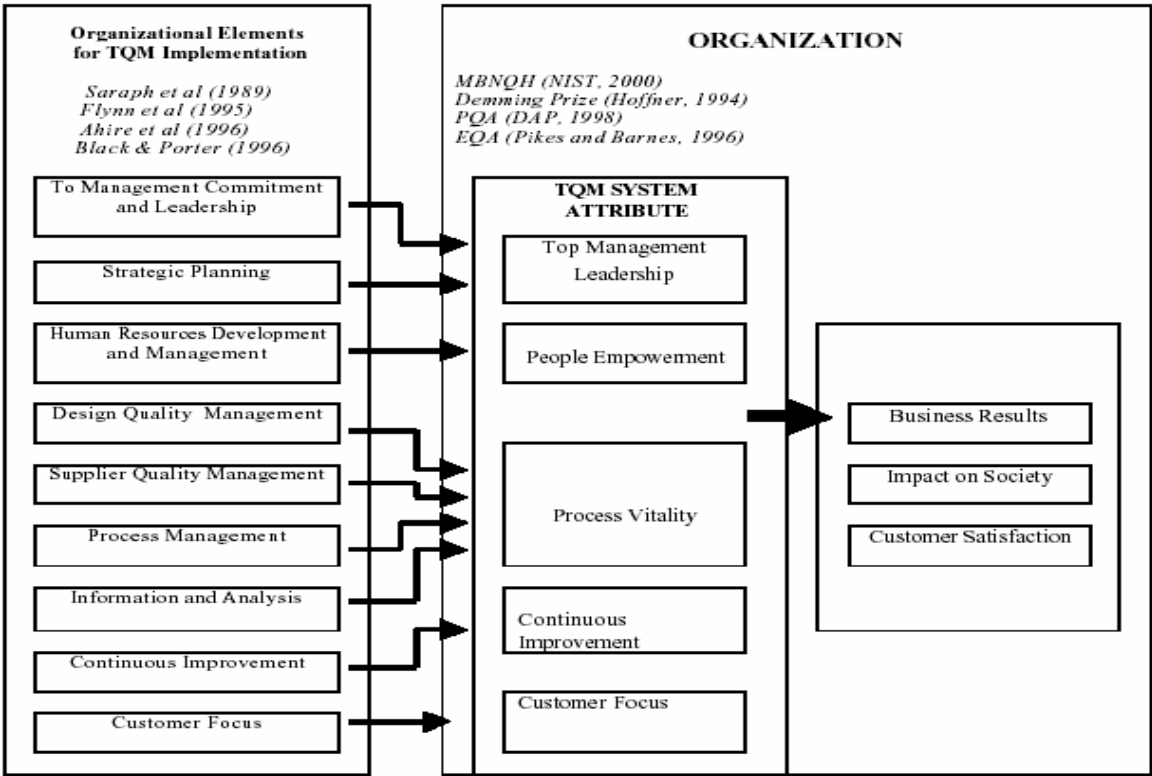
With the changing tide of global competition, the quality definition and the methods by which it is attained has become paramount in the agenda of any organization for two principal reasons - survival and competition. However, whether the organization has provided quality goods or services depends not only on what it does, but also on what its competitors do. This competitive environment is influenced by technological, political and social developments, among other factors that shape the future. Because of these, quality has evolved into a dynamic, multi-attribute concept.

Quality Management Systems in organizations have evolved through time. It started with Quality Control (QC) in the 1920s and was transformed and made popular in its many forms : Quality Assurance (QA) and Total Quality Control (TQC) in the 1960s, and Total Quality Management (TQM) in the 1980s. The more popular form, Total Quality Management, is a holistic and integrated management style of ensuring high quality products and services through continuous improvement in an organization. TQM is also known by its many other names : Total Quality Control, Company-wide Quality Control, Strategic Total Enterprise Management and Focused Quality (Naden and Bremner, 1991)

#### **2.4.3 Various Experts' illustration of TQM factors**

Today's TQM practices, encompassing the structure of organizations, company policies, procedures, managerial behavior and other manifestations of organizational cultures are legacies of many thinkers and quality experts.

**Figure (2)2** TQM Systems characterizing attributes



Source: Naden, J. and Bremner, “A guide to Total Quality Management”

Quality management experts have identified several factors as important. These are summarized and clustered into nine (9) common factors which surface across the foregoing quality experts’ philosophies covering the organizational elements. In summary, the essential TQM factors are Top Management Commitment & Leadership, Strategic Planning, Human Resource Development & Management, Design Quality Management, Supplier Quality (Whyte and Witcher, 1992)

**2.5 Conclusion**

To sum up, this chapter tackled the basics of determining, building, evaluating and sustaining the competitive capabilities of any firm. Then it presented an insight into a comparison between total quality management and competitive capabilities and some other strategies . It also reviewed Total Quality Management compared to competitive capabilities. In addition this chapter highlighted the importance of these capabilities, the sources of these capabilities, the types of capabilities "distinctive and reproducible capabilities", capabilities – the basis of competitive advantage, competitive capabilities model 'indicators', capabilities and process design, business capabilities or business processes, business capabilities and business strategy, competitive capability building, business capability and core competencies, and finally competitive capabilities and competitive advantage.

## Chapter Three

# An overview of Palestinian food industrial sector

- *Background the Palestinian Food Industry .*
- *Palestinian Food Industries Sector .*
- *The characteristics of food industries in the Gaza Strip .*
- *Specifications quality food industries .*
- *Specifications of quality in Palestinian food industries in Gaza governorates as earlier studies indicate.*
- *Problems and the difficulties facing the food industry in the Gaza Strip .*
- *Conclusion .*

### **3.1 Background of the industrial sector in Palestine**

The industrial sector is one of the important and vital productive sectors in any country and that because of its important role in laying the foundation for material progress, and because of its ability to make the required growth in all areas of economic, political and social affairs. Therefore, development of the industrial sector has become a key objective for all developing countries to achieve the desired economic development, so that the development of the industrial sector means achieving a high rate of economic growth, create many employment opportunities and thereby increase economic diversification necessary to achieve social, technical and industrial transformation in those countries (Okasha and Abu Zarifa, 1998).

The evolution of the Palestinian industrial sector significantly increased its contribution rate in the gross domestic product of Palestine that reach the ratio of (8%) during the Israeli occupation from 1967-1994 and (16%) prior to the outbreak of the Al-Aqsa Intifada in September of the year 2000 (Nofal, 2003), while this ratio had fallen to (14.6%) in 2003 (The Palestinian Central Bureau of Statistics, 2004). However, this sector still suffers from dependence on the Israeli industry which impact their development, growth. In addition to that it has been seen that the Palestinian industrial sector declined considerably as a result of Israeli practices and procedures since the outbreak of the Al-Aqsa Intifada until now because of the closures and the Israeli military siege on the Palestinian areas in the West Bank and the Gaza Strip.

Energy production has declined in all industries and in all the Palestinian governorates of the West Bank and Gaza Strip, causing damage to many industrial sector because of the continued Israeli siege and closure.

The retreat of the sector's performance is not only because of the policy of the Israeli occupation, but also linked to the inability of the Palestinian Authority to establish a program of developmental and manufacturing strategy suits the needs of the industrial sector, in addition to the many problems and obstacles that have prevented the self-development and growth, such as the lack of raw materials, quality problems, the lack of expertise, the absence of organization, the lack of natural resources, manpower problems, the low productive machines, and also because of financial and administrative corruption experienced by many of the PA.

With regard to food industries, it is a crucial sector within the Palestinian industrial sectors, and is regarded as one of the important parts of the manufacturing industries, as a sector of food and drink industries in terms of number of institutions they represent (16.7%) of the volume of Palestinian industry, and (17.6%) of the manufacturing in 2004 (the Palestinian Central Bureau of Statistics, 2005). The sector has also an impact on the health and safety of the Palestinian consumer, which makes it a strategic sector in the Palestinian economy since the Palestinian family spends approximately (40%) of their income on food and beverages (the Palestinian Central Bureau of Statistics, 2004).

Also, the industry of food products and beverages contributes of about (23%) of the added value, and more than (23%) of total production in the manufacturing industries in 2003. Comparing these ratios with other industries, it is found that food is a crucial component in the world economies, as it is one of the most important sectors within the manufacturing sector in terms of production volume, which represents (10%) of developed countries and (16%) of the developing countries (the Palestinian Central Bureau of Statistics, 2004).

Food industry's share of the value added of manufacturing industries in developing nations is about (19%) in 1994, even in the Arab countries has averaged food industries share of the value added of manufacturing industries (approximately 25%), and this percentage raises up to about (40%) in a number of Arab countries. Food industry is concentrated in four Arab countries including Algeria, Syria, Saudi Arabia, Egypt, and products of these states represent (72%) of the total value of Arabs food industries (Gulf Organization for Industrial Consulting, 1996).

In the Gaza Strip, the number of companies in the industry of food products is (520) establishments in 2004 that represents (12.7%) of the size of the industry in the Gaza Strip, and (13.9%) of the volume of manufacturing in the Gaza Strip. The industry employs (2617) workers in the Gaza Strip, representing (13.5%) of the total manpower in the industrial sector in the provinces of Gaza, and about (14.5%) of total workers in the manufacturing industry in the Gaza Strip (the Palestinian Central Bureau of Statistics, 2004).



Also, food and beverages industry contribute of about (23%) of the added value, and more than (23%) of the total production volume in the manufacturing industries. This ratio is the highest in importance during the year not only because of its contribution to employment and GDP, but also because in its ability to fill a large proportion of the Palestinian consumer needs. Also, the increasing importance of industries linked very much to other economic activities, especially the agriculture sector, where food industries contribute to stimulate this sector, which increases the value-added of agriculture and diversification of agricultural crops. The growth of food industries through manufacturing food plays a role in raising the incomes of farmers and the development of rural areas (Naser, 2005)

### **3.2 Palestinian Food Industries Sector.**

#### **3.2.1 Introduction**

Food is characterized as one of the basic needs of humans and animals alike. It has been known since old times how individual and collective practices followed several ways of keeping dietary and storage from time to time for self-preservation and the rights of the struggle for survival, these rights were used in several ways, including salting, drying and storing grain in drilling covered. (Ragab, 1991)

The food industries in the Gaza Strip returns back to the year (1953) where the outset industry started manually by making carbonated beverages such as "7-up" (Abu Ful, 1996). But after the year (1967) new industries started to enter to the region affected by the pattern of new quote from Israeli industries, and continued until the end of April (1999) to become more than 140 manual and a semi-automatic and automatic factories (Mahmoud, 1999).

According to the data of the Palestinian Central Bureau of Statistics (2005) the number of institutions operating in the industry, food products and beverages in the Gaza governorates are (520) establishments, until the end of 2004. While the number of institutions in the entire industrial sector in Gaza governorates is (4083), and this means that the food and drink industries represented in terms of the number of institutions (12.7%) of the volume of industry in the Gaza Strip in 2004.

Food industry is one of the important parts of the manufacturing sectors which is so vital within the Palestinian industrial sector, which represents the rate of (8.16%) of the size of the Palestinian gross national product, it is known that the Palestinian family spends

approximately 42-45% of their income on food. Capital invested in this industry is about 300 million, including \$ 70 million in 1998-2000 only (Tammy Foundation, 2003).

Food industries represent in terms of the number of workers (16%) of the total manpower in the industrial sector of Palestine in 1998, (MOPIC, 1998) this had risen to (17.3) in 2004 (the Palestinian Central Bureau of Statistics, 2005).

The Palestinian food industries is located according to the International Standard Industrial Classification of All Economic Activities (ISIC) under the name (manufacture of food products and beverages), (No. 15) and includes a number of subsidiary industries (groups), including the production and maintenance of meat and meat products, the processing and conservation of fruits and vegetables and manufacture of vegetable oils and fats, making dairy products, grain mills, and manufacturing animal feed, making bakery products, and making chocolates and sugar confectionery, pasta-making and shaeriah, and making other food products, and manufacture of beverages and mineral water (Palestinian Central Bureau of Statistics, 1996). Table No. (3\1) illustrates, the number of employees in each branch of the food industry in the Palestinian territories as a whole and in the West Bank and Gaza Strip in isolation.

Table (3\1)

The number of employees and working establishments in the sector of manufacturing food products and beverages.

Sector number	Economic activity	Palestinian territories		West Bank		Gaza Strip	
		Firms no.	Employees no.	Firms no.	Employees no.	Firms no.	Employees no.
<b>Manufacture of food products and beverages</b>		<b>2321</b>	<b>10525</b>	<b>1801</b>	<b>7908</b>	<b>520</b>	<b>2617</b>
1511	production and preservation of meat and meat products	27	180	13	130	14	50
1512	processing and conservation of fish and fish products	1	1	0	0	1	1
1513	processing and conservation of fruits and vegetables	30	315	19	228	11	87
1514	Processing oils and vegetable and animal fats	231	1518	215	1427	16	91
1520	Processing dairy products	77	955	61	773	16	182
1531	Manufacture of grain mills	139	449	94	254	45	195
1532	Manufacture of Nechuyat and Nechuyat products	1	9	0	0	1	9
1533	Making animal feed	25	254	19	183	6	71
1541	making bakery products	1271	4685	973	3282	298	1403
1543	Manufacture of chocolate, cocoa and sugar confectionery	40	283	31	222	9	61
1544	Making macaroni and liver, Moroccan and similar products Starches	8	54	7	34	1	20
1549	Making products other foods not classified in another issue	444	1159	349	851	95	308
1551	liquor distillery, refining and production mix and ethyl	2	16	2	16	0	0
1552	Alcohol wines decision	1	6	1	6	0	0
1553	making alcoholic beverages derived from the malt beverage	1	25	1	25	0	0
1554	making wetted substance (non-alcoholic) and the production of mineral water	23	616	16	477	7	139

Source: The Palestinian Central Bureau of Statistics (2005) - general census of establishments (2004) - economic core results, Ram Allah, Palestine.

### **3.2.2 Food industrial activities in the Gaza Strip and the West Bank:**

**1. Production and maintenance of meat and meat products:** This industry holds (No. 1511). It includes the production and processing of sheep, cows and poultry meat, fresh or frozen, canned and smoked and hamburger and derivatives. According to available data from the Palestinian Central Bureau of Statistics, the number of enterprises in this industry in 2004 amounted to (27) establishments where (13) in the West Bank and (14) in the Gaza Strip. The number of workers in this section is (180) workers, six workers as an average of each establishment, of whom (130) in the West Bank and (50) in the Gaza Strip.

**2. The processing and preservation of fish and fish products:** This industry holds (No. 1512). It includes the production, processing and conservation of fish, canned fish, salted fish, dried fish, smokers and frozen fish. According to the table (3\1) there is only one enterprise in this industry that operates in the Gaza Strip. It employs one worker and this demonstrates the weakness evident in this industrial activity, which requires studying the possibility of updating and development.

**3. The processing and preservation of fruits and vegetables:** This industry holds (No. 1513), and includes fruits and vegetables, dried, canned, frozen and nannies, and vegetable juice, salt and olive, salt potatoes and other segments, as in table no. (3\1) The number of establishments in this industry is (30) establishments in 2004, (19) of them are in the West Bank and (11) in the Gaza Strip, while the number of workers in this section is (315) workers, with an average of more than (10) workers in each establishment, of whom (228) working in the West Bank and (87) in the Gaza Strip. The relative weight of this section in terms of number of establishments is (1.29%) of total establishments operating in the food products industry.

**4. Making oil, vegetables and animal fats:** This industry holds (No. 1514). It includes all kinds of oils, including olive oil, maize, sunflower, sesame, and also animal obesity, and others, According to available data from the Palestinian Central Bureau of Statistics, as shown in table (3\1) the number of enterprises in this industry in 2004 amounted (231) establishments. (215) of them are in the West Bank and (16) are in Gaza, that represents (9.95%) from the size of the industry of food and beverage products in terms of the number of establishments. The number of workers in this section is (1518) workers as an average of

more than (6) workers for each enterprise, where (1427) work in the West Bank and (91) in the Gaza Strip.

**5. Making dairy products:** This industry holds (No. 1520). It includes pasteurized milk, status and dried milk, yoghurt and cream, butter and cheese and also ice-cream and others. The number of enterprises operating in this industry are (77) organized as illustrated in table (1\3). (61) of them work in the West Bank and (16) in the Gaza Strip. It thus represents (3.32%) of the total number of enterprises operating in the industry of food products and beverages in Palestine. The number of workers in this industry has reached (955) workers, this is more than (12) workers for each establishment, including (773) who work in the West Bank and (182) in the Gaza Strip.

**6. Making products of grain milling:** This industry holds (No. 1531). It includes various grain milling such as wheat, barley, maize, and sameed, alfrikah and bulgur wheat, beans, lentils and chickpeas, bran and paste made of bread and others. The number of establishments in this industry as in table (3\1) are (139) establishments in 2004, including (94) of them work in the West Bank and (45) in the Gaza Strip, and thus they represent (5.99%) of the total number of enterprises operating in the industry of food products and beverages in the West Bank and the Gaza Strip. The number of workers in this section is (449) workers and this is more than (3) workers as an average in each establishment. (254) work in the West Bank and (194) in the Gaza Strip.

**7. Making starch and starch products:** this industry holds (No. 1532). It includes starch made from corn, starch made from rice and glucose. Data available from the Palestinian Central Bureau of Statistics says that the number of enterprises in this industry in 2004 is only one operating establishment in the Gaza Strip and it employs just (9) workers as it is evident in table (3\1). So, perhaps this points out to the weakness of this kind of industrial activity in food industry in Palestine.

**8. Making of animal feed:** This industry holds (No. 1533). It includes feed livestock, poultry, fish, as well as canned food for cats and dogs and other types of food. Table (3\1) shows that the number of enterprises operating in this industry is (25) establishments in 2004, including (19) establishments work in the West Bank and just (6) work in the Gaza Strip. They represent (1.08%) of the total number of food businesses in the Palestinian territories.

The number of workers in this industry has reached (254) workers. (183) work in the West Bank and (71) in the Gaza Strip.

**9. Making bakery products:** This industry holds (no.1541). It includes all types of bread and biscuits, bakery and confectionery production, such as bakeries and kanafeh baklawa and katayef and others. The number of enterprises operating in this industry is (1271) establishments in 2004. They represent (54.76%) of the total number of establishments operate in the food industry the Palestinian territories. In the West Bank (973) establishments, and the Gaza Strip (298) as it is evident in table (1\3). The number of workers in this industry has reached (4685) workers this is a rate of (44.5%). The number of workers in food industries is (3282) workers who work in the West Bank. (1403) workers who work in the Gaza Strip, as shown in table (3\1). Employment rate in this industry in the West Bank reached (41.5%) of the total number of workers in food industries operating in the West Bank, and in the Gaza Strip it has reached the proportion of (53.6%) of the number of workers in food industries operating in the Gaza Strip.

These data reflect the nature of the products that are being produced for distribution of the daily production directed to large numbers of consumers, which requires the deployment in residential areas, as the data of the Palestinian Central Bureau of Statistics (2005). The production of these facilities not more than (25%) of the production of food and drink industries, but they employ about (44.5%) of the total number of workers in the industry, which is an average of less than four workers as an average of each establishment, and despite the relative importance of large industry of bakery products for the food industry, but there is no representation of the industry in the Palestinian Federation of Industries of food.

This is because the Palestinian Federation of Industries does not follow the same classification used by the Palestinian Central Bureau of Statistics of the member institutions of the Union.

**10. Making of chocolates, cacao, and sugar confectionery:** This industry holds (No. 1543). It includes cacao cables, clothing, and halawa and also chewing cocoa paste and other sugar confectionery. The number of enterprises operating in this industry is (40) establishments in 2004. (31) establishments work in the West Bank and just (9) establishments work in the Gaza Strip, as indicated in table (1\3). The number of workers in this industry has reached

(283) workers, this means that more than seven workers as an average of each working establishment. (222) establishments work in the West Bank, and (61) in the Gaza Strip.

**11. Making pasta and Shaeriah:** This industry holds (No. 1544) and include pasta and bone, Moroccan and stuffed pastries, canned and frozen. According to data available from the Palestinian Central Bureau of Statistics as shown in table (3\1) The number of establishments in this industry is (8) establishments in 2004, including (7) in the West Bank and just one working establishment in the Gaza Strip. The number of workers in this industry are (54) workers, including (34) in the West Bank and (20) in the Gaza Strip.

**12. Manufacture of other food products:** This industry holds (No. 1549) and include roast and ground coffee, tea, baby foods and nuts, vinegar, honey and spices cables. The number of enterprises operating in this industry is (444) establishments in 2004, including (349) in the West Bank and (95) in the Gaza Strip and the number of workers in this industry has reached (1159) workers, that represent an average of three workers for each enterprise, including (851) workers in the West Bank and (308) working in the Gaza Strip.

**13. Making Liquor and refined it:** This industry holds (No. 1551) and includes whiskey and brandy, and ethyl alcohol, and the number of enterprises operating in this industry is (2) establishments in 2004, located in the West Bank and employ (16) workers.

**14. Making wines:** This industry holds (No. 1552) includes wine grape and wine alcohol, and the number of enterprises operating in this industry is only one establishment in 2004, and is working in the West Bank and employ (6) workers.

**15. Making Liquor derived from the malt:** This industry holds (No. 1553) and includes beer with alcohol, and the working establishment in this industry is only one establishment in the West Bank in 2004 and employs (25) workers. It is noticed that the previous three industries are rarely presented or even do not exist in the Gaza Strip, probably due to the fact that Islamic Sharia prohibits employment in these industries, and the fact that there are some in the West Bank due to a larger proportion of Christians in some Palestinian areas of Bethlehem, Beit Jala and Beit Sahur, and these Christians representation in the Gaza Strip and their percentage is very small numbers.

**16. Making drinks of wetted substance (non-alcoholic) and the production of mineral water:** This industry holds (No. 1554), and includes different kinds of carbonated drinks, mineral water. The number of establishments working in this industry is (23) establishments in 2004. (16) establishments work in the West Bank and (7) establishments in the Gaza Strip. The number of workers in this industry has reached (616) workers, that is an average of more

than (26) workers for the working establishment. (477) workers are in the West Bank and (139) in the Gaza Strip.

**3.3. The Characteristics of food industries in the Gaza Strip :**

**3.3.1 The Characteristics in terms of sources of raw materials:**

Food industries are dependent on the surplus of the agricultural outcomes as inputs for their production. Therefore, it is assumed that food industry in the Gaza Strip has more branches using industrial raw materials, but there are local raw materials such as flour, sugar, milk and preservative materials are imported from Israel or through Israel.

Table No. (3\2)

Sources of raw materials for food industries in the Gaza Strip

Source of raw material	Percentage
Israel	65%
Gaza Strip	47.5%
West Bank	11.2%
U.S, Europe and other countries	27.4%
Total	151.1%

Source : Nofal, Osama (May 1995) food industry in the Gaza Strip, the results of field research, the President's Office, Planning Center, Strip, Palestine, P-12.

According to table no. (3\2) that shows the sources of raw materials used in food industries in the Gaza Strip. It is noticed that (65%) of these industries depend on Israel's in their use of raw materials, and (47.5%) use local raw materials from the Gaza Strip. (11.2%) rely on raw materials from the West Bank and (27.4%) use raw materials from Europe, America and other countries. The total of the percentages (151.1%) and this can be justified by knowing that some of these establishments import raw material from more than one direction.

It's noticed from the previous table the weak coherence between the Gaza Strip and the West Bank in obtaining raw materials, and furthermore; the heavy reliance on Israel in obtaining raw materials required for food industries, which raises the cost and makes it vulnerable to fluctuations and to be easily dominated and controlled. Accordingly, any closure of the crossing points adversely affects the continuity of its work. So, this is a capability that is to great extent dependent on the Israeli side.



### 3.3.2 The characteristics in terms of the marketing of food products:

Food industries are characterized in the Gaza Strip as manufacturing for the domestic market primarily, followed by the West Bank market and finally the Israeli and foreign markets. They are also characterized by the proximity of the consumers which facilitate the commercialization process.

Table No. (3\3)

Various marketing places for food industries in the Gaza Strip

Marketing place	Sales Percentage
Gaza Strip	70.7%
West Bank	21.2%
Israel	7%
Foreign markets	1.1%

Source : Nofal, Osama (May 1995) food industry in the Gaza Strip, the results of field research, the President's Office, Planning Center, Strip, Palestine, P-43.

If we compared between the tables (3\2), (3\3) it is noticed that while most food factories in the Gaza Strip depend upon the sources of raw materials from Israel or via Israel, most of their products are sold in the local market.

### 3.3.3 The characteristics in terms of the ability to replace food industries in the Gaza Strip with the imported goods from Israel:

A recent study was conducted on this subject entitled (mechanisms of replacing the imported goods from Israel, a study to establish a range of domestic goods as a replacement) to Dr. : Muhammad (Migdad and others, 1999) and others (2004). This study has shown through field research the type of industry priority in the replacement, based on the views of consumers, merchants and factory owners. The tables (3\4), (3\5), (3\6) show the priorities of replacement as different views:

Table no. (3\4)

## Consumers' views of replacement

	Type industries priority	Percentage of who prioritize it
<b>First:</b>	<b>Food industries</b>	
1.	dairy food industries	58%
2.	carbonated drinks, juices industry	23%
3.	Industry based on agricultural products	28%
4.	Canned industry	23%
5.	biscuits, confectionery	22%
6.	flour pastries	20%
7.	Ice-cream and cold drinks industries	7%
<b>Second:</b>	<b>Non-food industry</b>	
1.	cleaning materials	16%
2.	Plastic industries and home tools	13%
3.	Kitchen furniture industry	8.5%
4.	pharmaceuticals industry	6%
5.	Electronic sets industries	6%

Source : (Migdad and others, 1999) , Muhammad and others (2004), establishing mechanisms of replacing imported goods from Israel, a study to establish a group of local goods as replacement, Gaza, Palestine, p-94.

Table (3\5)

## Merchants' view of replacement

	Type of industries with priorities	Percentage of who prioritize it
1.	Dairy industries and foodstuffs	37.5%
2.	Canned industry	11%
3.	Drinks	9%
4.	Chocolate and biscuits	6%
5.	other food items	5%
6.	clothing fabrics	12.6%

Source : (Migdad and others, 1999) , Muhammad and others (2004), establishing mechanisms of replacing imported goods from Israel, a study to establish a group of local goods as replacement, Gaza, Palestine, p-95.

Table (3\6)  
Factories owners' view of replacement

	Type of industries with priorities	Percentage of who prioritize it
1.	The construction industry	35%
2.	food industries	17%
3.	sewing and embroidery and textile trade	16%
4.	Trade and furniture,	8%
5.	detergents and cosmetics industries	5%
6.	plastic industry	1.6%
7.	Other industries	17%

Source : (Migdad and others, 1999) , Muhammad and others (2004), Establishing mechanisms of replacing imported goods from Israel, a study to establish a group of local goods as replacement, Gaza, Palestine, p-96.

Reviewing the previous three tables, it is noticed that according to the views of consumers and their expectations, food industries of all kinds is an important priority in production so they need to replace imported Israeli goods as shown in the table (3\4). Traders also agree with consumers that food industries of all kinds are also a priority in the production and replacement, as shown in Table (3\5). Noting that traders are more familiar than consumers in this field to know the goods, as they cope with all types of locally produced goods and imported.

According to these traders, there are several factors that contribute to the ability of these products to replace Israeli domestic and imported, and these factors are : concern for quality, easing and reducing of prices, interest in form and packaging, publicity and advertising interest, additional grounds such as certificates of quality local and international. ((Migdad and others, 1999) and others, 2004).

According to the factory owners in the priority replacement, as table (3\6) suggests that the construction industry is ranked first, followed in second place food industries. The researchers ((Migdad and others, 1999) and others, 2004) concluded through their studies and through the economic literature review in the area of economic development through the study of the Ministry of Social Affairs in the Gaza Strip in coordination with the Canadian project the

need to start focusing on the agricultural and food industries in various forms in order to achieve the desired economic development.

### 3.3.4 The volume of manpower in the food industry and the average number of labor :

The number of permanent workers in the food industry in the Gaza Strip is (1011) workers, and this number is changing increasingly up to (25%) depending on the seasons of production (Development Resource Center, 1994). Another study indicates that the number of workers in the food industries sector in the Gaza Strip before the advent of the Palestinian Authority in 1994 amounted to (752) workers. The number has reached after the entrance of the Palestinian Authority to 768 workers (Nofal, 1995). The third study shows that the total number of workers employed in the field of food industries is (1820) workers (Abu Ful, 1996) and; A fourth study found that the number of workers reached up to (1400) workers (Mahmoud, 1999).

Table (3\7) indicates the percentage of workers in different types of food industries in the Gaza Strip, where the table shows that (33%) of the volume of employment in the food industry in the Gaza Strip work in bakery industry and (24%) work in factories, oil and vegetable and animal fats. (10%) work in chocolate and confectionery products.

Table No. (3/7)

Percentage of workers in different types of food industries in the Gaza Strip in 1993.

	The type of industry	Percentage of labor
1.	Keeping meat and dairy and cheese operations	9%
2.	Canning fruits and vegetables	2%
3.	oils and fats manufacturing plant and animal products	24%
4.	Bakery products	33%
5.	making chocolate and confectionery	10%
6.	Macaroni manufacturing	1%
7.	conservation and fishery products canning factories	6%
8.	diverse product units	15%
Total		100%

Source: Palestinian Central Bureau of Statistics, 1994.

In terms of average labors in the establishment it was fabricated from one study to another, but the survey carried out by (Nofal, 1995), which included (80) food establishments has averaged working labor for the establishment to (9.6) workers while the average employment of the institution as the study by (Abu Ful, 1996), which included a (124) establishments,  $1829 \div 124 = 14.7$  workers. Perhaps this increase in the average employment of one institution due to increased employment of workers within a single institution and reduced the number of workers in Israel.

As shown in table (3/8) the average number of labor in the food factories in the Gaza Strip, where it is noticed through this table that the main characteristic of employment in these factories is the low number of employees and the overcome of the domestic family features and clearly this is evident in most food factories where few workers up to (3) workers only and those mostly comprising the factory's owner and cousins,

However, we find that there are some plants absorb significant numbers of workers in cans factories up to (25 employees), biscuits up to (24) and an ice-cream up to (31) workers. The packing plants and citrus sealing absorbed the largest number of manpower, which is (145) workers that is a percentage (55.6%) of the total.

Table no. (3\8)

The average of working labors in food industries sector in the Gaza Strip in 1996.

No.	Factory	No. of factories	Total no. of labor	Average no. of labor in one establishment	Percentage of the total
1.	Ice-cream	6	186	31	10.2%
2.	Milk	1	4	4	0.2%
3.	biscuits	4	96	24	5.3%
4.	Packaging and sealing citrus	7	1015	145	55.8%
5.	Jatoh 'cake'	4	12	3	0.7%
6.	Candy	26	78	3	4.3%
7.	confectionery	4	24	6	1.3%
8.	Salads	1	7	7	0.4%
9.	Milk	2	14	7	0.8%
10.	Chips	3	21	7	1.2%
11.	Roasted(coffee and pummeled and almonds)	14	84	6	4.6%
12.	bakeries	28	112	4	6.2%
13.	Pickles	1	3	3	0.2%
14.	drinks (juices and water gas)	6	66	11	3.6%
15.	olive presses	12	60	5	3.2%
16.	Tahiniah	2	6	3	0.3%
17.	Pastry	1	3	3	0.1%
18.	Canned food	1	25	24	1.4%
19.	Macaroni	1	4	4	0.2%
	Total	124	1820	14.7	100%

Source : Abu Ful, Nasr, 1996, The reality of the food industries in the Gaza Strip (problems and solutions) the results of field research, Gaza, Palestine, p-9.

### 3.3.5 The distribution of food establishments by size:

The division of food industries to small-scale industries and other large-scale varies from one country to another as the reality of this industry and its historical development. As a result of the reality of food industries in the Gaza Strip, it was considered that the institutions

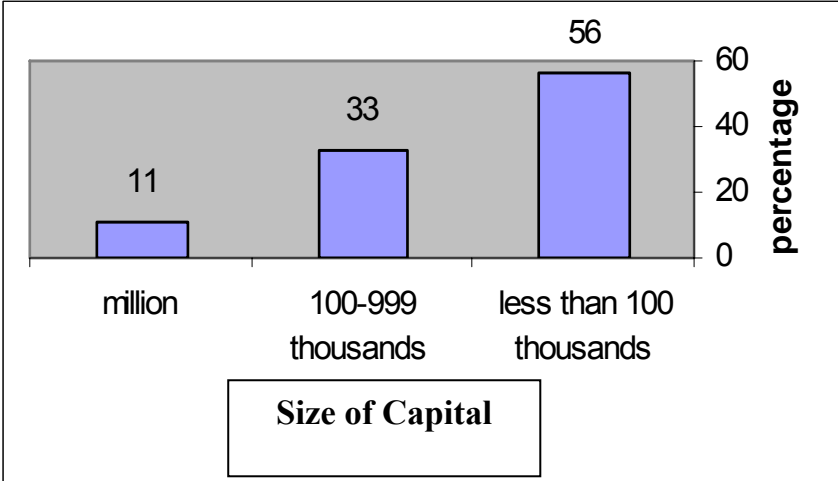
that operate (8) or more workers are large-sized enterprises, and institutions that occupy less than (8) workers is a small-sized enterprises (Nofal, 1995). Statistics indicate that (71%) of the food industry in the Gaza Strip operate (1) to (4) workers, (20%) are from (20) to (49) workers, and (0.46%) operate more than (50) workers. (Ministry of Planning and International Cooperation, 1998).

The small size of most food establishments in the Gaza Strip has continued in dominance as one of the studies indicate. This study was issued by the Palestinian Ministry of Supply (Mahmoud, 1999) it states that the number of workers in food factories in the Gaza Strip operate up to (1400) workers. The number of factories that operate more than (50) workers around nine plants, and these plants are large compared with other food industry plants in the Gaza Strip, and medium factories which employ more than (10) workers to less than (50) workers is up to (12) factories. The remaining plants, a small number of workers up to (10) or less; and this is the majority of factories, bakeries, mills and factories of traditional cakes and sweets and others, this is depending on the field of study of food plants (Mahmoud, the Ministry of Supply, 1999).

**3.3.6 Investment and finance in the food industry in the Gaza governorates:**

Some previous studies points to the lower capital invested in the food industries sector in the provinces of Gaza, as Figure (3\1) indicates that (56%) of these industries ranging between current capital of (1-99) thousand dollars and (33%) ranges between capital of (100-999) thousand dollars and (11%) up to \$ 1 million or more.

Figure no. (3\1)  
the volume of capital in the food industry in the Gaza governorates.



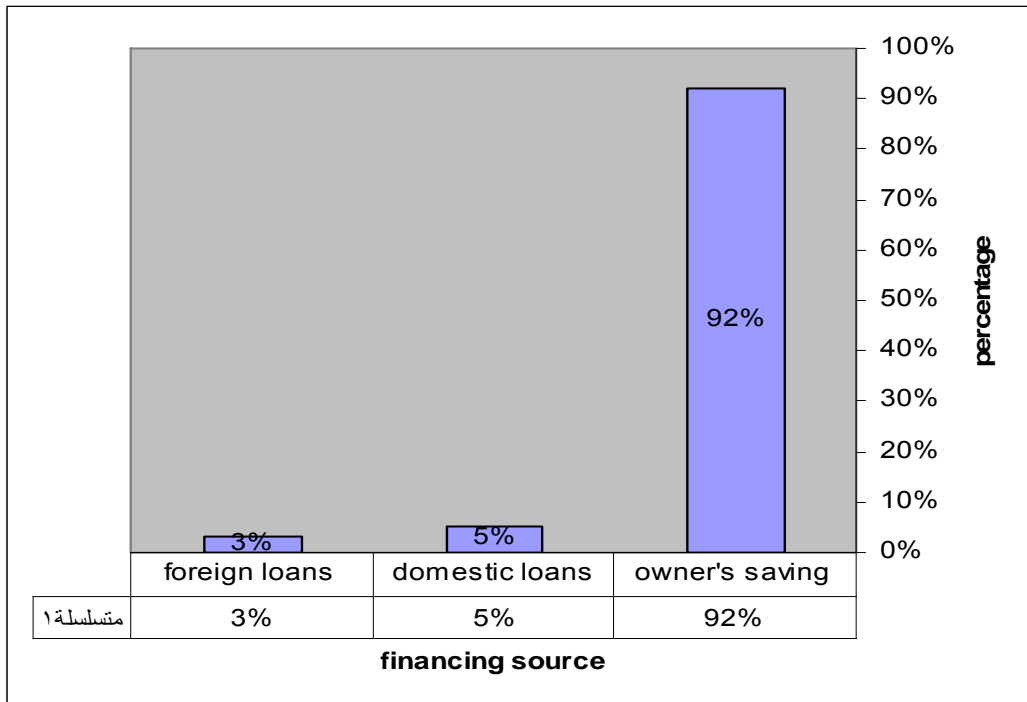
Source : Ministry of Planning and International Cooperation of the Palestinian (MPOIC) in August 1998, page 10.

In terms of sources of funding as shown in figure No. (3\2), (92%) of the food industry in the Gaza Strip depend on the savings of owners as the single source of financial investment and there is (5%) who receive domestic loans, and (3%) obtain foreign loans.



Figure: (3\2)

Sources of financing investment in the food industry in the Gaza governorates.



Source : Ministry of Planning and International Cooperation of the Palestinian (MPOIC) in August 1998, page 10.

From the above specifications that shows the nature of the food industries business; it is small-scale establishment distancing itself from business fluctuating risks, especially to the capital needs stability.

The process of modern manufacturing needs substantial capital and it can not depend on domestic savings or individual coverage. What makes matters difficult in the absence or weakness of financial institutions that compile these savings and put at the disposal of investors, this is surely expected in light of the Israeli withdrawal from the Gaza Strip. The availability of a climate of political stability to flourish food industries is to meet their financial needs of the banks operating in the Gaza Strip.

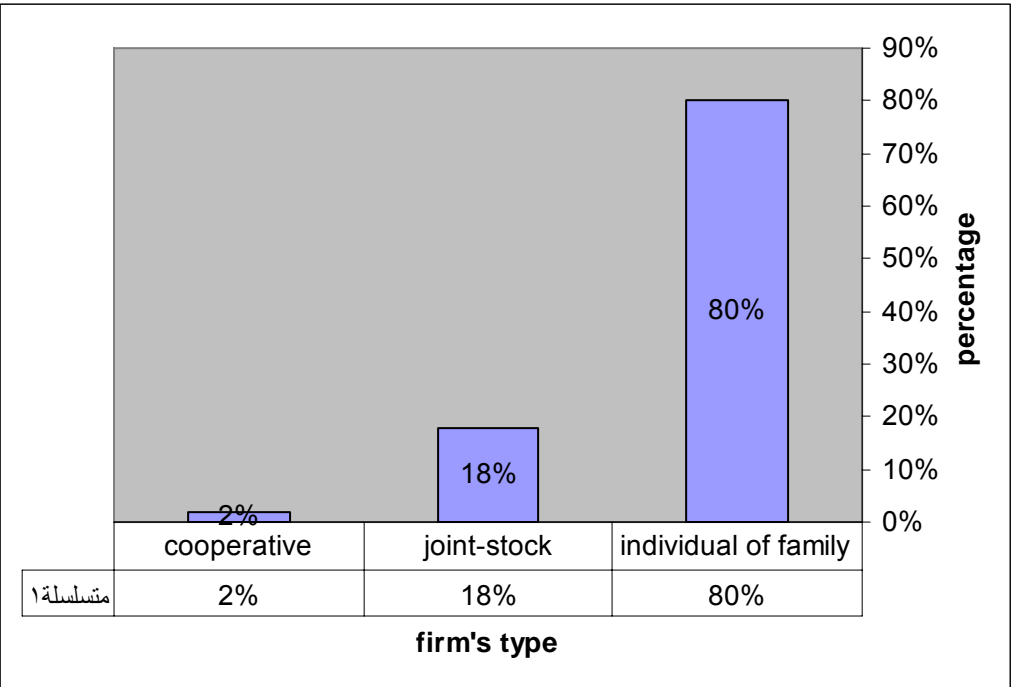
### 3.3.7 The legal form of food industries in the Gaza Strip:

The political reality in the Gaza Strip has reflected on the legal form of food industries, The absence of stability reflected in the nature of capital and investment which dominated the dominance of individual institutions and private institutions, with the absence of a contribution and cooperative since these institutions are in need of more stable political

conditions. Figure(No. 3\3) shows that(80%) of food industry in the Gaza Strip is owned by individual companies (individual or family) and (18%) is a joint-stock companies, and (2%) is the only cooperative companies, and therefore These percentages reflect the professional aspects that mostly dominate food industries and the extent of reliance on self-financing.

Figure: (3\3)

The legal form of food industries in the Gaza Strip.



Source : Ministry of Planning and International Cooperation of the Palestinian (MPOIC) in August 1998, page 10.

**3.3.8 Educational level of workers in the food industry :**

A huge number of previous studies pointed to the low educational level of the labor force in food industry in the Gaza Strip, but the study issued by the Palestinian Ministry of Supply and prepared by researcher Ali Mahmoud stated that the number of workers in food factories in the Gaza Strip is nearly to (1400)workers, and the number of workers in food factories obtaining a bachelor degree is about (120) workers, that is (8.6%) of the total number of workers. The number of workers holding a diploma is up to (550) workers that is (39.3%), and the number of workers without high school is up to (730) workers that is (52.1%) (Mahmoud, 1999).

While the study issued by the President's Office-Planning Center and prepared by the researcher Osama Nofal that the majority of workers in food factories in the Gaza Strip are not of the category that hold high school certificate, and their percentage is up to (36%), also the study shows that (34%) of workers hold high school certificate, and (5.5%) are graduates of colleges, and (14.5%) are illiterate. Finally, those who hold a university degree are barely (10%) (Nofal, 1995).

The third study, issued by the Palestinian National Center for Agricultural Research and supervised by the Director of the Food Industries Center Dr. Nasr Abu Ful that (35%) of owners of food factories in the Gaza Strip did not specify the level of education for their workers. Some other factories identified the educational level of their employees, it became clear that (62.8%) of these workers hold a certificate of prep schools, while (11.6%) hold a secondary school certificate, and (2.9%) of those with higher education (Abu Ful, 1996).

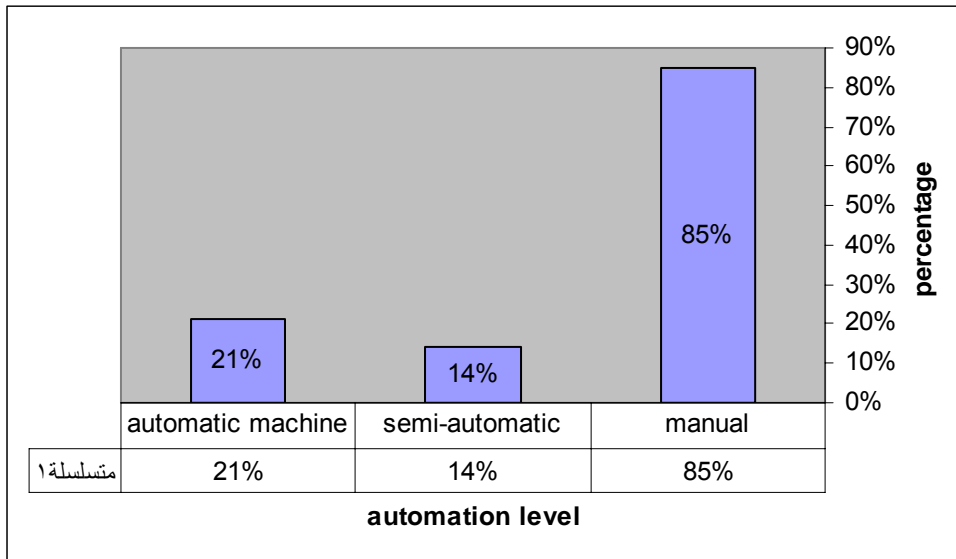
Previous studies indicated the low educational level of manpower in the food factories in the Gaza Strip, and perhaps because of the bad economic situation that is forcing students to leave school to work within these plants, and this interest is due to factory owners, since the workers are not granted certificates causing a decline in wages and the possibility of training within the plant. As it can be seen the low proportion of college graduates higher because of their high wages, and lack of specialized training institutes in food fields on the other hand, as well as many of the food industry does not need the skills of work because of non-use of sophisticated machines.

These ratios lead us to the need of establishing training centers specialized in food industry and the need to hold ongoing sessions to the factory owners and workers in the manufacture of foodstuffs. It is also necessary to provide a selective group of holders of higher education and diplomas in food fields, they will be allocated for the development of this industry.

**3.3.9 The machines used in the food industry in the Gaza Strip as the level, status and source of technology:**

Figure(No. 3\4) shows the types of machines used in the food industry in the Gaza Strip, according MSTI technology used (Level of Automation) :

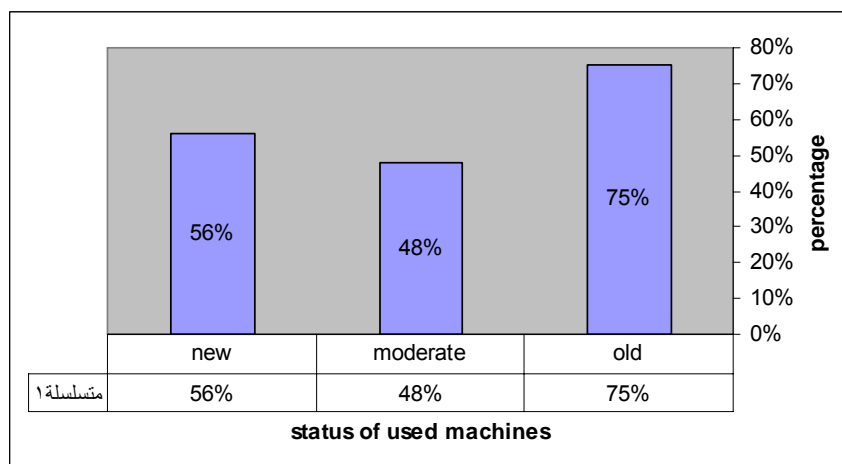
Figure : (3\4)  
types of machines used in the food industry in the Gaza Strip.



Source : Ministry of Planning and International Cooperation of the Palestinian (MPOIC) in August 1998, page 14.

Figure(No. 5) shows the machinery used in food industries, Gaza Strip (State of Machinery).

Figure : (3\5)  
machinery used in food industries, Gaza Strip

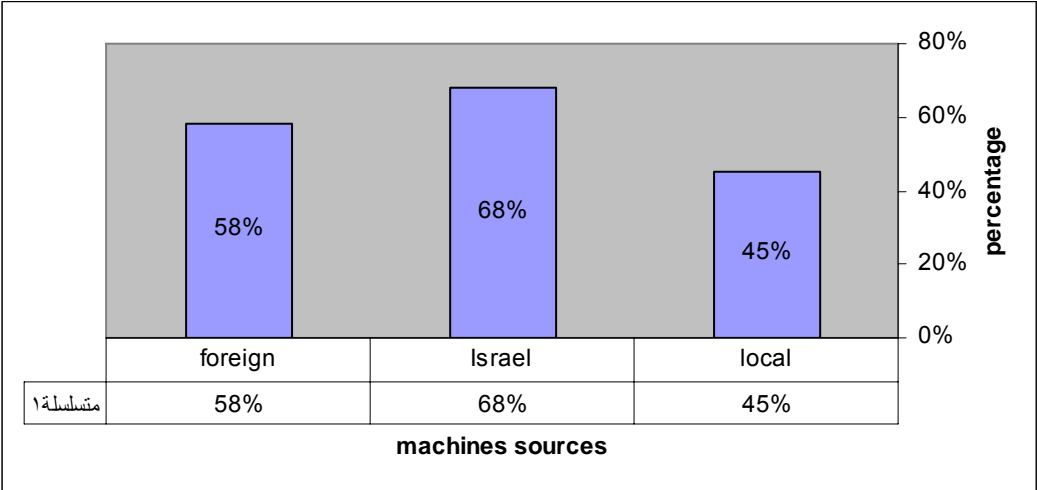


Source : Ministry of Planning and International Cooperation of the Palestinian (MPOIC) in August 1998, page 14.

Figure (No. 3\6) shows the various sources of machines used in the food industry in the Gaza Strip. (68%) of working establishments use machines originating in Israel, while the proportion of institutions using machines of foreign origin has been (58%) The percentage of institutions using machines originating in Palestine has reached (45%), it is noticed that the machinery of Palestinian origin do not play a key role in the production process.

Figure: (3\6)

Various sources of machines used in the food industry in the Gaza Strip



Source : Ministry of Planning and International Cooperation of the Palestinian (MPOIC) in August 1998, page 14.

A Development Resource Center (DRC) indicated, in a study on the food processing sector in the Gaza Strip and its problems (Taha, 1994) that most production lines in existing plants in food lines are used by the Israeli market where it was purchased because of the easy access without passing the laws and regulations of importation that were imposed, which led to that most production lines are affected by several factors including : poor productivity due to the low level of performance of the machines, recurrent maintenance, non-selection of production lines that fit energy consumption (Taha, the Development Resource Center, 1994).

**3.3.10 Types of food industries in the Gaza Strip and their relative importance:**

Many previous studies indicated that the largest proportion is in bakery sector in terms of number of food factories in the Gaza Strip, followed by factories and shops of sweets and confectionery. Table (3\9), indicates that the proportion of factories to bakeries sector is (22.58%) of the total food industry in the Gaza Strip, while the ratio of plants of desserts is

(20.96%) and toasters and coffee, spices and nuts' factories ratio is (22.29%), and olive's factories ratio is (9.67%)

Table no (3\9).

Distribution of food factories and their percentage in the Gaza Strip, according to the geographical location of 1996.

NO.	Factory	Territory				Total	Percentage of factories in all territories
		Gaza	Middle	North	West		
1.	Ice-cream	4	-	1	1	6	4.83%
2.	Milk	1	-	-	-	1	0.83%
3.	Biscuits	-	1	1	2	4	3.22%
4.	Packaging and sealing citrus	6	1	-	-	7	5.64%
5.	Jatoh 'cake'	3	1	-	-	4	3.22%
6.	Candy	23	3	-	-	26	20.96%
7.	Confectionery	4	-	-	-	4	3.22%
8.	Salads	-	1	-	-	1	0.81%
9.	Milk	2	-	-	-	2	1.61%
10.	Chips	-	-	-	3	3	2.4%
11.	Roasted(coffee and pummeled and almonds)	11	2	-	1	14	11.29%
12.	Bakeries	22	1	1	4	28	22.58%
13.	Pickles	1	-	-	-	1	0.81%
14.	drinks (juices and water gas)	4	2	-	-	6	4.83%
15.	olive presses	6	1	-	5	12	9.67%
16.	Tahiniah	2	-	-	-	2	1.61%
17.	Pastry	1	-	-	-	1	0.83%
18.	Canned food	1	-	-	-	1	0.83%
19.	Macaroni	1	-	-	-	1	0.83%
Total		92	13	3	16	124	
Percentage		74.2%	10.5%	2.4%	12.9%		100%

Source : Abu Ful, Nasr, 1996, and the reality of the food industries in the Gaza Strip (problems and solutions) the results of field research, Gaza, Palestine, p-5.

According to other studies that considered flour mills and fodder factories are within important types for food industries, where the flour industry is the foundation stone in the exact development of food industry, there are several old mills and their traditional production is as demanded. The total private enterprises manufacture grain is up to (29) mills (Shabib, 1996).

In terms of fodder plants located in the Gaza Strip, they are three factories (Shqlih, Ministry of Industry, 1997), and these plants are Nafco factory in Deir El-Balah and an its annual production capacity is of (60) tons, while the production capacity of Abir factory in Beit Lahiya is of 53-40 tons (Al-Ayyam, 8\10\1998). The third plant is closed.

### **3.3.11 Health safety of the food industries in the Gaza Strip:**

Food safety means that all necessary action to be taken to assure the safety and cleanliness of food at all stages of production, preparation, preservation and marketing to reach consumers and fell within this preventing food spoilage, decomposing, manipulated and polluted (Tibi, 1994), where the food has caused many diseases result of the toxic substances produced by decay or microbial toxins, microbes or parasites carriers of infectious diseases. As well as sensitivity resulting from the material added to foods, it is absolutely essential for the Palestinian Ministry of Health to monitor the food industry at all stages of production and marketing in order to reach the desired goals of the food control (Tibi, 1994).

### **3.3.12 Means of health and safety in food establishments:**

Table No. (3-10) shows good health specifications necessary to achieve health and safety in food establishments in the Gaza Strip

Table no.(3-10)

Aspects of attention in respect to health and safety in food establishments

	<b>Aspects of attention</b>
.1	Floors
.2	walls and ceiling
.3	Lighting
.4	Ventilation
.5	Toilets and bathrooms
.6	water sources
.7	Temperature of food
.8	Food exhibition for sales
.9	cleaning workers
.10	disease prevention and bearer of the disease
.11	hygiene(baths and laundries)
.12	Tools and pots
.13	equipment sterilization and cleaning
.14	storage containers
.15	Getting rid of waste
.16	disposal and storage of food
.17	prevention of infecting animal
.18	hygiene Location

Source : Abu Safiya, Yousef, 1994: Health safety of the food industries, a series of seminars on the status and future of food industries in Palestine Planning Center - The President office, Gaza, Palestinian page 48.

Dr. Abdul Jabbar Al Tibi, director of primary care and preventive medicine at the Palestinian Ministry of Health stated three basic principles for the control of food industries which are : (Tibi, 1994)

- 1) The validity of the building: buildings are to be healthy appropriate in terms of location, size, and having all health conditions that ensure sound products.
- 2) Health of products: so that they conform to standards and specifications legal health, including the expiry date.



3) Health of the workers: that includes the necessary medical examinations and following the rules of personal hygiene and wear appropriate work uniform to prevent pollution.

### **3.3.13 Health controls on food factories in the Gaza Strip, according to previous studies :**

Some previous studies showed the absence of health control on some factories in the Gaza Strip, as well as the lack of adequate health conditions in other plants, only one study found that (64.4%) of the factories have certain health conditions and (35.2%) had no control or health conditions (Abu Ful, 1996). While another study indicated that (72.5%) of the factories have health control and (27.5%) no health control (Nofal, 1995).

According to previous studies, health control is divided into two sections :

**Section I:** external oversight and its source is the Ministry of Health (preventive medicine) and the ministry is to be responsible for monitoring the manufacturing process, hygiene and sanitary conditions. The ministry is also to determine condition of which factories will be established in the future.

**Section II:** Internal Oversight (self-oversight) its source is the owner of the factory or one of its workers. Studies have shown that all previous chips factories do not have external control of health and (50%) of plants of pickles and salads had no control health (Nofal, 1995). With the most important sections which had full control health is the plants of ice cream, carbonated drinks and biscuits (Abu Ful, 1996, Novell, 1995).

## **3.4 Specifications and quality standards of food industries:**

Food industries depend greatly on the specifications and quality standards; specifications quality of the food industries can be divided to the main stages: (Mahmoud 1999).

### **1. Quality of water used in food processing:**

The quality of water used in food processing reflect the impact on the quality of food products manufactured, and the quality of water used vary for each industry depending on their circumstances. Increasing effects of chlorine in the water affects the fruit canning industries, and conducted several transactions for drinking water or used in the food processing and technical self sedimentation and filtration and disinfection or sterilization.

## **2. Specification quality of raw materials:**

Final product in food industries greatly depend on the specifications of raw materials used in the production of foodstuffs. Other regulations are designed to ensure food safety starting of raw materials and means of production. As well as the World Food Law is interested in products from the farm and irrigating water and pesticides used for other insects and to ensure the safety of raw materials.

But if we examine the reality of the raw materials used in food processing in the Gaza Strip, we will find low-quality, where the study issued by the Research and Studies Department at the Ministry of Supply in the Palestinian month in July 1998 indicated that about (30%) of the plants covered by the search does not request a certificate laboratory analysis to prove the validity of raw materials. and (17%) of the factories did not require that the raw material is to be in the first third of the expiry date, and (90%) of local factories have no laboratories for analysis of the minimum required tests of raw materials (Al-Ayyam 28\8\1998).

In addition, many of the food factories does not have a specialist engineer for food industries in addition to the possibility of contamination of agricultural products sewage water, which intervene as raw materials in the manufacture of certain food products. Product quality in food industries depends on the quality of raw materials used in industrial food products significantly.

Until specifications of high quality of raw materials to be achieved, establishments have to store raw materials on the basis of proper and sound health standards. Warehouses and stores are to be in accordance to international standards, and raw materials must be stored in appropriate conditions in terms of humidity and temperature required and desirable. In addition they need to adopt the accounting principle 'First in First out', so raw material is not stagnant or exposed to damage, and that the stores of raw materials are clean from harmful influences. There must be no dust that affects the product during the manufacturing process or in the case of unloading raw materials inside stores or in the distribution of raw materials and emptying

A range of (38) specifications issued by the (Laboratory Service Department of the Palestinian Ministry of Supply) to (118) specifications (Al-Hayat 12\1\1999), regarding the

storage of raw materials in food factories, and a modest level of storage left much to reach storage levels in developed countries and. As one of the studies shows that (74.7%) of the factories store their raw materials under suitable ventilation, as well as temperature and humidity. Some plants, such as biscuits and bakery store raw materials as normal atmospheric temperature. There are some proportion of (5.5%) of the factories are stockpiling raw materials in poor conditions (Mahmoud, 1999).

### **3. Production Quality:**

The quality of production depends on several factors, including the quality of raw materials, quality of storage, The clean and safe production lines, and the cleanliness of workers who are transferring and mixing raw materials, preferably wearing uniforms that commensurate with the nature of work in the factory. They also wear foot shoes and Cuffs and handcuffs, hat on head, and banning smoking beside production lines. The safety of the manufacturing process and the examining of the product packaging before leaving the factory and distributed in the market is so crucial. There are several global regulations to control the quality of production, including HACCP system, which is the application of this system to conduct the following steps :

- HACCP team formed by persons with solid experience in several disciplines; their role is the identification and levels of risks, recommendation of control and mentoring, recommending action research and forecasting a successful plan.
- The other steps are described in identifying the food ingredients, the method of distribution, the uses, consumers and the development of the format and flow of the process and finally, substance verification.

#### **3.5 Specifications of quality in Palestinian food industries in Gaza governorates as earlier studies indicate:**

The department of market studies in the Palestinian Ministry of Supply did a survey of food industries in the Gaza Strip in 1999, and it formed a designed format to collect data. The General Department of Control and Inspection department collected the data from food factories, where (140) formats where collected and analyzed to give an indication of the level of quality in general, and are based on several criteria to measure the quality of raw materials and the quality of the final product, and the following are the main findings of this study besides an analysis of these results (Mahmoud, 1999).

**1) Specifications of Raw material:** (122) factories of (144) set specifications for the raw material that is a rate of (87%) and 69 of 140 requests a laboratory certificate for the analysis of raw materials and this means that (49%) are interested in knowing the components of raw materials. 109 factories require that the raw material is in the first third of its production and this is a rate of (77%). (33%) of the plants store raw material in accordance to specifications, and (14%) of the factories use only preventative materials, and all plants use in the manufacturing process potable water with a rate of (100%) and (74%) of the factories had no specialist in food fields. It is noticed from the previous results that despite the existence of some positive elements in food factories in the Gaza Strip but still there are some serious abuses where (51%) of the factories do not request a laboratory certificate of analysis for the raw material. (67%) of the factories do not store raw materials according to international specifications, and (74%) have no food engineer, and all this confirms that food factories require strict surveillance and doubling efforts to improve the quality of raw materials to reach a new product that can compete for foreign products in the local and foreign markets and that would not hurt the public health of citizens.

**2) Specifications for the quality of the final product:** there are many positive elements in that (85%) of the factories do examinations of the final product prior to distribution, and (85%) of the factories have the capacity to local and foreign competition in terms of quality, and (76%) applied the marking Palestinian trade which means marking trading card statement, which shows the name, address of the factory, product name, the existence and type of product, the production date, duration of validity or expiration date, colors and components, types of preservatives, and included requirements physical, chemical and moisture ratio, the ratio of breakage, the method of conservation and storage, the quantity of the product and the weight of the piece, writing labels in Arabic in a clear easy to read, and unconquerable foundation specifications and Palestinian standards of a set of specifications up to (355) specifications such as specification card statement, a commercial trade and marking).

Nevertheless, there are negative elements in that (58%) of the factories do not have stores of the final product according to specifications. In addition that the number of factories that has obtained a certificate of quality or supervision did not exceed the rate of (5%), despite the fact that (85%) of the factories are examining the final product prior to distribution, but still this examination is carried out by the factory owners is not apparent screening laboratory

which confirms the validity of the product because of a lack of laboratories to the majority of them.

**3) Specifications for the quality of water:** Despite the fact that all factories with a rate of (100%) use portable water, most reports indicate that the salinity of the water in most areas of the Gaza Strip, and its pollution since 1995, and to this day, which means that the validity of the answers for water of dubious authenticity.

**4) Specifications for the quality of having certificates and supervision:** this is tackled in the Palestinian institution of specifications and standards as of the date of 1\2\1999 are:

Factory of Abu Arab -Gaza- producing Alemurtadela, and it is called Al-Aqsa mortadella and No. of supervision is PSM-17.

- Al-Awda factory for the production of biscuits and general trade, and Wafers pretzel - Deir Al-Balah - and No. sign supervision PSM-27
- Safadi Company for Trade and Industry-Gaza-Halawa Tahini (As-Sllam Halawa) and No. sign supervision PSM -53.
- Company-Safadi General Trading-Gaza-Algheh Toaster (Cafe Safadi) No. sign supervision PSM-44
- Bader factory for packaging foodstuffs-Gaza- canned beans that is called (Foul Al-Bader) and No. sign supervision PSM-45.
- Bader and Hanyia Company and -Gaza- Toaster coffee- No. sign supervision PSM-48 and they count (7) plants, and does not exceed (5%).

**5) The distancing of most factories to obtain a certificate of quality or supervision of the Palestinian foundation of specifications and standards gives an indication of the lack of quality products, the majority of these plants have not met the required specifications set by the institution in food commodities manufactured and the lack of attention to upgrading quality.**

### 3.6 Problems and the difficulties facing the food industry in the Gaza Strip:

Food industries in the Gaza Strip suffer from many problems and obstacles, some previous studies shows that there are many problems and obstacles facing the food industry, and these problems can be outlined in six major problems: agricultural, industrial, environmental, marketing, labor, the other problems.

#### 3.6.1 Agricultural problems:

In a nutshell :

1- Lack of water sources, Gaza Strip depends on rainwater and wells in agriculture, these sources are few and do not meet the requirements, not to mention the high salinity of the water used and the extent of their impact on the quality of products, as said in the study of ((Migdad and others, 1999) , and others 2004) that the main problems faced by farmers is the scarcity of water. The study has included a sample of (88) farmers

Table No. (3\11)

the most important problems facing farmers.

The most important problems	The number of those who mentioned it
Water scarcity	26
Problem of the export and marketing	25
high drug prices and fertilizer	24
Low prices of agricultural product	9
lack of government subsidies	9

Source : (Migdad and others, 1999) , and others (2004) establishing mechanisms for replacing goods imported from Israel, a study to establish a group of local goods as replacement, the Islamic University of Gaza, Palestine, page 85.

2- The lack of agricultural policy focus commensurate with the needs of food industries where this policy focus on the cultivation of certain crops and to be specialized in the cultivation and the production of the quantities sufficient for domestic consumption of fresh food. It has been suggested by one of the studies ((Migdad and others, 1999) , and others, 2004) the need to focus on agro-industries in its various forms, which means that the first group of commodities proposed for the implementation of the policy of import substitution industries are dependent on agricultural raw materials locally produced from the agricultural sector, or raw materials are available and lead to self overlap between different sectors. One

of the projects proposed by the previous studies it to begin production of honey production projects, chips factories, butter production projects and packaging vegetable oils, dairy and cheese project, pork, poultry production project devoid of chemicals, producing pasteurized milk, and a fish farming project in the Gaza Strip. It is noticed that previous projects proposed rely mostly on the raw materials available locally, but need to focus farm policy in the proposed activities.

### **3.6.2 Environmental problems:**

It is hard to separate between environmental problems and the problems of agriculture, both is an extension of another. Environmental problems can be counted in the following points :

1. Non-availability of some items meant for conservation: There are certain categories of each type of food better than other items in preparation and tolerant of keeping. These types are such as home cucumber which is good for pickling. While plastic tunnels cucumbers are not fit for pickling, it is a must therefore to provide a home brand through knowing the circumstances of its growth and the latest techniques for cultivating it (Abu Ful, 1996).
2. Non-functioning of scientific research side by side with the plants to remove all obstacles corresponds to the plant.
3. Lack of adequate information about global markets and to what extent they produce since when our factories compete in foreign markets is the only way to raise the level and efficiency of production.

### **3.6.3 Industrial problems:**

These are problems in the following points (Taha, 1994), (Abu Ful, 1996) :-

1. The rise in the prices of raw materials till they reach the consumer or the owner of the factory as these raw material pass through several stages from the main source to the Israeli agent, and then to the local merchant.
2. Resorting of owners to purchase from the Israeli agent instead of importation and the lack of financial facilities.
3. Inconsistencies in the prices of raw materials because of the lack of coordination between local importers of raw materials.
4. Limited examination of the raw materials involved in the food industry, because of the lack of laboratory for examination.

5. The ability to product development is limited because of the old way that had been adopted in the method of examination of the final product where they are taken to laboratories in Jerusalem or Beersheba and consume a time of no less than two weeks.
6. Lack of sufficient information on the sources of raw materials suitable for the production.
7. Limited capacity to renew and develop production lines in factories, because of reliance on self-help efforts only and the absence of facilities and banking guarantees or financial services investment institutions.
8. Failure to seek the help of sophisticated engineering involved in improving the efficiency of production lines in the factories, because of reliance on self personnel only and the absence of facilities and banking guarantees or financial services investment institutions.
9. Lack of coordination between higher educational institutions and industry in order to identify needs and exchange of information among them.
10. Lack of specialized institutes and colleges to teach in this area and graduate researchers and experts in engineering food processing.

#### **3.6.4 Marketing problems:**

The most important problems and obstacles that face marketing are summarized in the following points : (Nofal, 1995), (Mahmoud, 1999):

- 1- Proliferation of security measures at the crossings, disrupting the production process and marketing.
- 2 - The high cost of importing raw materials which weakens the competitiveness of domestic products.
- 3 – The lack of the raw materials for industries.
- 4- Competitive industries, Israeli, Egyptian and European and other national products at home and abroad.
- 5- Lack of interest in publicity and advertisements for local production compared with what happens to foreign production.
- 6 - Lack of standard specifications for all manufactured substances and this leads to not compete with products from other products in the local markets and also global markets.
- 7 - Lack of control over imported food products may lead to a deterioration of the volume of sales of the domestic product.
- 8- Difficult access to agents in the West Bank with the difficulty of collecting accruals owed by the agents.



### **3.6.5. Labor problems:**

There are numerous problems concerning labor and food industries that can be summarized in the following points :

- 1- (70.5) workers in the food industry in the Gaza Strip have no access to any type of paid leave, such as annual leave, sick, holiday, noting that these holidays are of the fundamental rights which it is keen labor laws in various countries of the world (Abu Jama, 1993).
- 2- Most workers are working without any labor agreement between worker and owner of the factory and (78%) of these workers were exposed to the arbitrary refusal by the owner of the factory without giving any reasons for this (Abu Jama, 1993).
- 3- Lack of trained workers and the low educational level of manpower in the food industry in the Gaza Strip, as indicated in the study of (Mahmoud, 1999), that (8.6%) of workers in food industries receive a bachelor's degree, and (39.3%) of these workers have accessed the certificate of secondary schools and (52.1%) lower than the level of secondary school.
- 4- Workers in food industry in the Gaza Strip were deprived of any kind of social insurance and health insurance and this is due to several reasons, including (Abu Jama, 1993) :

- The absence of national insurance companies to insure workers.
- The absence of laws disciplinary necessitate the employer to the insurance process.
- The absence of trade union role, especially the General Federation of Trade Unions since (84%) of the sample used in the study are not affiliated to trade unions, and a good number of them complain about the lack of contact with the union of that prevent them from the umbrella of the union protection and care for them.
- The absence of the authorities responsible for the scrutiny of the social insurance system and the health of workers.

### **3.6.6 Other problems:**

Many of the problems can be reviewed in association with other food industries in the Gaza Strip in the following points:

1. The difficulty of obtaining licenses, as some factory owners complained that the process to obtain licenses facing intended complications (Abu Ful, 1996).
2. (49%) of the food factories facing tax problems, and most of the institutions that suffer from this problem pickles, salads and olive factories (Nofal, 1995)
3. Lack of quality levels in most food factories in the Gaza Strip.

4. The lack of sanitation (Mahmoud, 1999).
5. Most factories suffer from food storage problems and the lack of necessary resources due to the lack of awareness and guidance, and therefore most foodstuffs stored in the storage conditions do not comply with the conditions of health (Abu Ful, 1996).
6. Idleness and injustice of control on factories, leading to unfair competition (Nofal, 1995).
7. Lack of health safety grounds in the food industry, and the intervention of imported harmful or toxic materials in the installation of the foodstuff. (Abu Safiya, 1994).

### **3.7 Conclusion**

This chapter tackled the Palestinian food industry; its characteristics, sources of raw material, tactics of product marketing, ability to bring food industries in the Gaza Strip to replace imported from Israel, the volume of manpower in the food industry and the average of number of labor. It also discussed the distribution of food establishments by size and the investment and finance in the food industry. In addition, it tackled the educational and legal form of the establishments. And finally it presented some of the sector problems such as health, agricultural, industrial , marketing, labor and other problems.

## Chapter Four

# Research Methodology

- *Introduction .*
- *Study Methodology .*
- *Research procedures .*
- *Research population .*
- *Information about Food industries sector in Gaza Strip .*
- *Data collection .*
- *Main tool of the study .*
- *Reliability of the Research .*
- *Statistical Manipulation .*
- *conclusion*

#### **4.1 Introduction:**

This chapter presents a comprehensive description of the research methodology that was followed in the implementation of the field study through identifying different ways and tools used in the completion of this study. This chapter contains a description of the study population and sample in order to identify the reality of the food industries sector in Gaza and the most important characteristics that distinguish this sector, and it also addresses some problems and explains how to prepare resolutions. This chapter also addresses the questionnaire preparation and testing its validity besides; it presents the statistical methods used in the analysis of results. All this is in order to identify the role of the food industries sector capabilities and its contributions in the economic development in Palestine.

#### **4.2 Study Method:**

This study is one of the branches of the applied studies dealing with the capabilities of food industries in the Gaza Strip. The researcher has used the descriptive analytical approach trying to measure the level of competitive capability of the food industries establishments in the Gaza Strip. The descriptive and analytical method is most frequently used in the humanities studies, if not the only one, and that this approach is not confined to describe the phenomenon of the study, it focuses on the collection of data and information on the phenomenon of the study, organize and classify quantitatively and qualitatively, in order to study the relationships between variables and access to the results that can contribute to addressing the problem of the study. The study depended on the collection of data from secondary and primary sources.

#### **4.3 Research procedures**

**Period of the study:** This study was conducted from July, 2007 to December, 2007. Pilot study was conducted at the end of September 2007. The researcher distrusted the questionnaire to the various food manufacturing plants in the Gaza Strip during October 2007. Data entry, data cleaning, analysis reviewing the literature and writing the dissertation continued till the end of November 2007.

#### **4.4 Research population**

The study population includes all working firms in the sector of food industries in the Gaza Strip that counts according to the (2004) statistics of the Palestinian General Bureau of Statistics (520) corporations. This limitation of the sample to the Gaza strip is due to the fact

of the special and hard circumstances that the Palestinian territories live due to the geographical Israeli separation. This specification of the sample will definitely help in handling the questionnaires better.

Table (4\1)

The number of working food manufacturing establishments according to the employment size group 2004.

District	Employment size group						TOTAL
	0-4	5-9	10-19	20-49	50-99	100+	
North Gaza Governorate	58	15	4	2	0	0	<b>79</b>
Gaza Governorate	172	45	17	9	1	0	<b>244</b>
Dier Al-Balah Governorate	47	21	5	4	0	1	<b>78</b>
Khanyounis Governorate	72	15	1	2	0	0	<b>90</b>
Rafah Governorate	27	1	0	1	0	0	<b>29</b>
<b>TOTAL</b>							<b>520</b>

Source: The Palestinian Central Bureau of Statistics (2005) - general census of establishments (2004) - economic core results, Ram Allah, Palestine.

**Sample size:** It has been taken into account when distributing the questionnaire, the relative weight of each region where questionnaires were distributed to a stratified random sample size of (156) respondents from the owners or managers of establishments operating in the area of food and beverage industries, and thus the proportion of the sample selected to the population was (30%). The researcher has recovered (135) respondents, this percentage is about (86.5%), after a process of revision and preliminary examination of the questionnaires recoveries, (10) questionnaire were excluded due to the non-completion of data or the presence of errors, and thus the number of questionnaires involved in the process of identifying any analysis are (125) presenting (80%) of the sample size.

#### 4.5. Information about Food industries sector in Gaza Strip

##### 4.5.1 Age of Food industries sector in Gaza Strip in years:

Table No.(4\2) shows that (19.2%) from food industries establishments' age is less than 3 years, and (24.8%) from them ranges from 3- 6 years, and (56.0%) is greater than 6 years. This clearly indicates that food industrial firms are capable to survive taking into consideration the harsh circumstances they face. It seems that the percentage of the firms which continued more than 6 years to continue their work is a good percentage compared with the obstacles and barriers that hinder their continuation and survival.

Table No (42)  
Establishments Age:

Age of Food industries sector in Gaza Strip in years	Frequency	Percent
Less than 3 years	24	19.2
3 –6 years	31	24.8
Greater than 6 years	70	56.0
<b>Total</b>	<b>125</b>	<b>100.0</b>

#### 4.5.2 Geographical locations:

Table No.(4.3) shows that (14.4%) from the food industries establishments is are located in Rafah , (43.2%) of the establishments are located in Khanyounis, (17.6%) of them are in Deir El-Balah, and (16.8%) are in Gaza, and (8.0%) are located in the North of Gaza. These percents represent the level of the food establishments that respond and cooperate with the researcher rather than any other significant factor such as the importance of the location. The percentages do not denote any of this denotations.

Table No(43)  
Geographical location

Geographical location	Frequency	Percent
Rafah	18	14.4
Khanyounis	54	43.2
Deir Elbalah	22	17.6
Gaza	21	16.8
North of Gaza	10	8.0
<b>Total</b>	<b>125</b>	<b>100.0</b>

#### 4.5.3 Firm's size

Table No.(44) shows that (32.0%) of the food industries establishments are less than four employees firms. While, (43.2%) of them are 5-9 employees firms, and (16.8%) of those firms are of 10-19 employees, and (3.2%) are of 20-49 employees, and (4.8%) of those firms are of greater than 49 employees. These numbers indicate that the food industries establishments are mainly characterized with being small business. Since (75.2%) of the establishments employs less than 10 employees and workers. This denotes that the dominating nature of business in the Gaza Strip is the small scale businesses (El-Farra 2006). This is a factor of survival since the capabilities of these firms are not so complex to be sustained.

Table No(4\4)  
Firm's size

Firm's size	Frequency	Percent
Less than 4 employees	40	32.0
5-9 employees	54	43.2
10-19 employees	21	16.8
20-49 employees	4	3.2
50 employees or more	6	4.8
<b>Total</b>	<b>125</b>	<b>100.0</b>

#### 4.5.4 Legal form of the firms

Table No.(4\5) shows that the legal form of food establishments in the Gaza Strip prior to the same facts, the results of the study indicate the field as is evident in the following table, (69%) of the food firms in the Gaza Strip are the individual establishments, and (15%) are partnership establishments, and (41%) are limited shareholding establishments. These numbers indicate that there is a trend toward individual establishments in the Gaza Strip businesses since they believe in oneness of thoughts and efforts. The mentality of Gaza's businessmen did not reach the level huge and partnership establishments that may increase the volume of production and revenue. They believe that such individual business is less risky. The main characteristic of these industries is the trend toward family or individualistic approach (El-Farra, 2006)

Table No(4\5)  
Legal form of the Firm

Legal form of the Firm	Frequency	Percent
Individual establishments	69	55.2
Partnership establishments	15	12.0
Limited shareholding establishments	41	32.8
<b>Total</b>	<b>125</b>	<b>100.0</b>

#### 4.6 Data collection:

##### 4.6.1 Secondary data collection:

Data were obtained through the secondary access to previous studies in this field, and looking for references, periodicals, reports, governmental documents and scientific specialized journals. In addition to some statistics issued by the Palestinian Bureau of Statistics, the Palestinian Ministry of National Economy and the Ministry of Planning and

also, through some sites relevant to the topic on the Internet. The researcher relied on libraries, whether university libraries or libraries that belong to certain institutions.

#### **4.6.2 Primary data collection:**

After ascertaining that the secondary sources are insufficient to analyze the questions of the study; it was necessary to look for some primary sources through:  
**First:** Numerous visits and interviews to obtain the names and addresses of food manufacturers operating in the provinces of Gaza, in order to enable the researcher to identify the population of the study sample.

**Second:** Designing a questionnaire and distributing it to a random sample of the owners or managers of establishments operating in the food industries sector in the food industries sector in the provinces of Gaza. The preparation of this questionnaire has passed through the following steps:

- 1- Preliminary questionnaire use in collecting data and information.
- 2- Questionnaire was discussed with supervisor to test its suitability for data collection.
- 3- A preliminary amendment of the Questionnaire according to supervisor's opinion.
- 4- The questionnaire was forwarded to referees who turn to some amendments.
- 5- Carrying on a preliminary field study on the number of 25 members of the selected sample. Then some additional necessary adjustments was done based on the obtained feedback.
- 6- The questionnaire was introduced to the supervisor, and after approval it was distributed to the study sample, and the distribution process was by the assistance of a group of specialized work, during a period lasted nearly 45 days. After recovering the questionnaire, it was reviewed, checked, coded and downloaded to a computer.

#### **4.7 The main tool of the study:**

The researcher has used the questionnaire as a main tool to collect data relevant to the study field; the questionnaire was divided into two parts according to the study objectives (see appendix No.1)

##### **4.7.1 Questionnaire Reliability:**

The researcher assessed the content validity and reliability of the questionnaire by two ways which are as follows:



### **1) Arbitrating the questionnaire:**

Distributing the questionnaire to a group of arbitrators containing five academic members from the University of Gaza/ Faculty of Commerce, one of them is an expert in statistical analysis. The researcher has modified, deleted, and added the necessary parts of the questionnaire in response to the group's suggestions.

### **2) Pilot study:**

After the preliminary testing, a pilot study was conducted to evaluate the questionnaire; the researcher distributed the questionnaire to a sample of (26) respondents. Generally speaking, it appeared that respondents had no difficulty in understanding the items or the instructions provided to complete the questionnaire. The researcher used the pilot study to calculate the statistical validity and reliability of the questionnaire.

#### **4.7.2 Statistical Validity of the Questionnaire**

To insure the validity of the questionnaire, two statistical tests should be applied. The first test is Criterion-related validity test (Pearson test) which measures the correlation coefficient between each item in the field and the whole field. The second test is structure validity test (Pearson test) that used to test the validity of the questionnaire structure by testing the validity of each field and the validity of the whole questionnaire. It measures the correlation coefficient between one field and all the fields of the questionnaire that have the same level of similar scale.

### **1) Internal consistency:**

Internal consistency of the questionnaire is measured by finding the correlation coefficients between each paragraph in one field and the whole field (See appendix No.2). Tables No.'s (4\6-17) below show the correlation coefficient and the p-value for each field items. As show in the table the p- Values are less than 0.05 or 0.01, so the correlation coefficients of this field are significant at  $\alpha = 0.01$  or  $\alpha = 0.05$ , so it can be said that the paragraphs of this field are consistent and valid to be measure what it was set for. Where the r-value rated from (0.0.24 – 0.790)

## 2) Structure Validity of the Questionnaire

Structure validity is the second statistical test that used to test the validity of the questionnaire structure by testing the validity of each field and the validity of the whole questionnaire. It measures the correlation coefficient between one field and all the fields of the questionnaire that have the same level of liker scale.

As shown in table No. (4\18), the significance values are less than 0.05 or 0.01, so the correlation coefficients of all the fields are significant at  $\alpha = 0.01$  or  $\alpha = 0.05$ , so it can be said that the fields are valid to be measured what it was set for to achieve the main aim of the study

Table No. (4\18)  
Structure Validity of the Questionnaire

Number	Section	Spearman correlation coefficient	p-value
1	Mission and vision	0.662	0.000
2	Customer Care	0.729	0.000
3	Establishment Culture	0.642	0.000
4	Managerial and Organizational Structure	0.721	0.000
5	Production Planning	0.736	0.000
6	Human Resources	0.793	0.000
7	Technology	0.568	0.001
8	Development and Innovation	0.548	0.002
9	Product and Market Strategies	0.839	0.000
10	Marketing Operations	0.617	0.000
11	International Management	0.572	0.001
12	Performance Appraisal	0.949	0.000

## 4.8 Reliability of the Research

The reliability of an instrument is the degree of consistency which measures the attribute; it is supposed to be measured. The less variation an instrument produces in repeated measurements of an attribute, the higher its reliability. Reliability can be equated with the stability, consistency, or dependability of a measuring tool. The test is repeated to the same sample of people on two occasions and then compares the scores obtained by computing a reliability coefficient.

It is difficult to return the scouting sample of the questionnaire-that is used to measure the questionnaire validity to the same respondents due to the different work conditions to this samples. Therefore two tests can be applied to the scouting sample in order to measure the consistency of the questionnaire. The first test is the Half Split Method and the second is Cronbach's Coefficient Alpha.

### 1) Half Split Method

This method depends on finding Pearson correlation coefficient between the means of odd rank questions and even rank questions of each field of the questionnaire. Then, correcting the Pearson correlation coefficients can be done by using Spearman Brown correlation coefficient of correction. The corrected correlation coefficient (consistency coefficient) is computed according to the following equation:

Consistency coefficient =  $2r/(r+1)$ , where r is the Pearson correlation coefficient. The normal range of corrected correlation coefficient ( $2r/ r+1$ ) is between 0.0 and + 1.0 As shown in Table No.(4\19), all the corrected correlation coefficients values are between 0.7843 and 0.8780 and the significant ( $\alpha$ ) is less than 0.05 so all the corrected correlation coefficients are significance at  $\alpha = 0.05$ . It can be said that according to the Half Split method, the dispute causes group are reliable.

Table (4\19)  
Split-Half Coefficient method

Number	field	Spearman correlation coefficient	Spearman-Brown Coefficient	p-value
1	Mission and vision	0.6452	0.7843	0.000
2	Customer Care	0.6854	0.8133	0.000
3	Establishment Culture	0.6788	0.8087	0.000
4	Managerial and Organizational Structure	0.7124	0.8320	0.000
5	Production Planning	0.7358	0.8478	0.000
6	Human Resources	0.7057	0.8275	0.000
7	Technology	0.6991	0.8229	0.000
8	Development and Innovation	0.6879	0.8151	0.000
9	Product and Market Strategies	0.7117	0.8316	0.000
10	Marketing Operations	0.7825	0.8780	0.000
11	International Management	0.7204	0.8375	0.000
12	Performance Appraisal	0.6724	0.8041	0.000
Total		0.6957	0.8205	0.000

## 2) Cronbach's Coefficient Alpha

This method is used to measure the reliability of the questionnaire between each field and the mean of the whole fields of the questionnaire. The normal range of Cronbach's coefficient alpha value between 0.0 and + 1.0, and the higher values reflects a higher degree of internal consistency. As shown in Table No. (4\20) the Cronbach's coefficient alpha was calculated for the first field of the causes of claims, the second field of common procedures and the third field of the Particular claims. The results were in the range from 0.8127 and 0.9245, This range is considered high; the result ensures the reliability of the questionnaire.

Table (4\20)  
Cronbach's Alpha for Reliability

Number	Field	No. of Items	Cronbach's Alpha
1	Mission and vision	7	0.8127
2	Customer Care	9	0.8425
3	Establishment Culture	4	0.8354
4	Managerial and Organizational Structure	6	0.8658
5	Production Planning	10	0.8570
6	Human Resources	11	0.8445
7	Technology	3	0.8524
8	Development and Innovation	6	0.8404
9	Product and Market Strategies	6	0.8645
10	Marketing Operations	6	0.9245
11	International Management	5	0.8978
12	Performance Appraisal	12	0.8725
	<b>Total</b>	<b>85</b>	<b>0.8655</b>

#### **4.9 Statistical Manipulation:**

To achieve the research goal, researcher used the statistical package for the Social Science (SPSS) for Manipulating and analyzing the data.

#### **Statistical methods are as follows:**

- 1- Frequencies and Percentages
  - 2- Alpha- Cronbach Test for measuring reliability of the items of the questionnaires
  - 3- Spearman correlation coefficients for measuring validity of the items of the questionnaires.
  - 4- Spearman –Brown Coefficient
  - 5- Sign test
  - 6- The Kruskal-Wallis test is used to check and if there are any significant difference in point of view of the respondents
  - 7- Kolmogorove-Smirnov test is used to identify if the data follow normal distribution or not.
- According to the above tests, the questionnaire was ready to be applied on the research sample.

#### **4.10 Conclusion**

This chapter presented a description of the research methodology that was followed in the implementation of the field study through identifying different ways and tools used in the completion of this study. It also contained a description of the study population and sample that identified the reality of the food industries sector in Gaza and the most important characteristics that distinguish this sector, and it also addressed some problems and explained some resolutions. Finally, the chapter addressed the questionnaire preparation and testing its validity besides; it presents the statistical methods used in the analysis of results. All this was to identify the role of the food industries sector capabilities and its contributions in the economic development in Palestine.

## Chapter Five

# **Competitive Capabilities of food industries in the Gaza Strip- Results of the field study.**

- *Introduction .*
- *Questionnaire Data Type .*
- *Discussion and interpretation of each section's items .*
- *Hypotheses Testing .*
- *Conclusion*

## 5.1 Introduction:

This chapter presents the analysis of the study sample consisting of (125) food establishments, this analysis will take descriptive nature including tables and clarifications and comments. The study will try to shed light on the competitive capabilities of the food and beverage industries in the Gaza Strip, and to identify constraints and obstacles facing strengthening and enhancing such capabilities, and thus attempt to reach some of the solutions the one that helps in the enhancement of these capabilities level and raise performance efficiency and increased competitiveness, and to know the paths leading to the promotion and development of the Palestinian quality of food establishments capabilities, through the development of programs and strategic policies, and appropriate strategies to overcome the problems of this industry and work to develop the concepts of competitive capabilities.

## 5.2 Questionnaire Data Type

Kolmogorove- Smirnov test will be used to identify if the data follow normal distribution or not, this test is considered necessary in case testing hypotheses as most parametric Test stipulate data to be normality distributed.

Results test as shown in table (5\1) , clarifies that the calculated p-value is greater than the significant level which is equal 0.05 ( p-value. < 0.05), this in turn denotes that data does not follows normal distribution, and so nonparametric Tests must be used.

Table (5\1)  
One-Sample Kolmogorov-Smirnov Test

Number	section	Kolmogorov-Smirnov Z	P-value
1	Mission and vision	1.772	0.004
2	Customer Care	2.132	0.000
3	Establishment Culture	1.773	0.004
4	Managerial and Organizational Structure	1.964	0.001
5	Production Planning	1.799	0.003
6	Human Resources	2.875	0.000
7	Technology	1.866	0.002
8	Development and Innovation	1.973	0.001
9	Product and Market Strategies	1.395	0.041
10	Marketing Operations	1.367	0.048
11	International Management	1.960	0.001
12	Performance Appraisal	1.604	0.012
	<b>Total</b>	1.746	0.005

### **5.3 Discussion and interpretation of each section's items.**

In the following tables a sign test is used (since the collected data are ordinal scale and it is a must to use the nonparametric tests) to test. If the opinion of the respondents in the content of the sentences are positive (positive signs are greater than negative signs and weight mean greater than "60%" and the p-value less than 0.05) or the opinion of the respondent in the content of the sentences are neutral ( p- value is greater than 0.05) or the opinion of the respondents in the content of the sentences are negative (negative signs are greater than positive signs and weight mean less than "60%" and the p-value less than 0.05)

#### **1.Mission and vision**

Table No. (5\2) which illustrated that the respondent agree that " There is a clear vision for the establishment. All the workers know it well " with weight mean equal " 74.40%" and p-value "0.000 " and agree that " There is a clear mission for the establishment and all the employees and workers know it well " with weight mean " 73.28%" and p-value " 0.000" , and agree that " Vision and mission are appropriate to the nature our establishment work. It's not fictional " with weight mean " 72.96%" and p-value " 0.000", and agree that " Vision and mission are appropriate to the establishment budgets and financial status " with weight mean " 72.00%" and p-value " 0.000", and agree that " The establishment has objectives, goals and long and short term plans, all of us know it " with weight mean " 69.84%" and p-value " 0.000", and agree that " There is coordination between the whole divisions and the high management in formulating a mission and vision " with weight mean " 66.40%" and p-value " 0.014", and disagree that " Employees and workers are involved in formulating the establishment policies and strategies " with weight mean " 56.45%" and p-value " 0.230"

The results of the items of this field reveal that there is a clear vision for food establishments. The researcher explains this by saying, food establishments in Gaza have a simple vision for their work and they state it to their workers; their vision is not complicated or too ambitious. These results also reveal that there is a clear mission for the food establishments in the Gaza Strip. Still the researcher expected that there maybe some problems here in these two domains but surprisingly they were positive and with high



percentages. The researcher explains this that respondents are not well aware of the items of mission and vision with their broad meaning.

In addition these results reveal that there is coordination and involvement of various levels in formulating the mission and vision of the establishment. The researcher explains that there is a new trend among the owners or managers toward building up loyalty among their workers and employees by involving them in certain managerial issues. Still it also reveals that there is no clear involvement of employees and workers in formulating and establishing policies and strategies for their establishments as the result indicates. The researcher explains this percentage by saying that the owners and managers are going in the traditional direction of not involving the employees and workers in certain managerial issues that may create and set up loyalty and enthusiasm in their work and this may refer to the dictatorship culture we have in Gaza. The results of this field reveal also that there is to some extent strategic planning i.e. setting up objectives, goals and short and long term plans. The researcher explains this that there are some new academic entrants to the field of manufacturing establishments, this led to new trends of tackling businesses. New visions and insights entered the field of business because of such enlightenment of academic awareness.

These results also reveal that there is no harmony between the vision and the mission and this is a clear contradicting result with the previous items of this field. It was expected that this item will have a higher rank than this one, but unfortunately it didn't. The researcher explains this that still there is no clear understanding of what a mission and a vision are. There is no understanding of real strategic planning items and how to tackle them in an appropriate way.

For general the results for all statements of the field show that the average mean equal 3.47 and the weight mean equal 69.33% which is greater than "60%" and the number of positive signs are grater than the negative signs and the p- value equal 0.000 which is less than 0.05, which means the respondent of the sample agrees that The level of competitive capability at Gaza's food industries sector was statistically satisfactory.

This denotes that food establishments are taking care of these two strategic planning concepts which are vision and mission. The researcher refers the respondents positive response about mission and vision to the entrance of the newly academic persons with qualified managerial skills to the fields of such businesses, this increases the awareness of this field to the concepts

of strategic management. In addition it is a normal result where there is a clear mission and vision to every business but it is not always written and professionally perfect.

Table No.( 5\2)  
The sign test to the items of the field of (Mission and vision)

Mission and vision		Positive sign Agree and Highly Agree	Neutral	Negative sign ( Disagree and Highly Disagree	Mean	Weight Mean	p-value
5	There is a clear vision for the establishment. All the workers know it well.	82	29	14	3.72	74.40	0.000
6	There is a clear mission for the establishment and all the employees and workers know it well.	84	25	16	3.66	73.28	0.000
7	There is coordination between the whole divisions and the high management in formulating a mission and vision	56	37	32	3.32	66.40	0.014
8	The establishment has objectives, goals and long and short term plans, all of us know it.	69	38	18	3.49	69.84	0.000
9	Employees and workers are involved in formulating the establishment policies and strategies	36	41	48	2.82	56.45	0.230
10	Vision and mission are appropriate to the nature our establishment work. It's not fictional.	81	28	16	3.65	72.96	0.000
11	Vision and mission are appropriate to the establishment budgets and financial status	74	39	12	3.60	72.00	0.000
<b>All items</b>		<b>96</b>	<b>0</b>	<b>29</b>	<b>3.47</b>	<b>69.33</b>	<b>0.000</b>

## 2. Customer Care

Table No. (5\3) which illustrated that the respondent agree that " We totally know (size, desires, kind) of our customers in the market " with weight mean equal " 81.60%" and p-value " 0.000" , and agree that " Our establishment always makes performance appraisals and takes feedback in case of work failures " with weight mean " 76.16%" and p-value " 0.000" , and agree that " Our customers are satisfied with our goods " with weight mean " 75.36%" and p-value " 0.000" , and agree that " Our customers are satisfied with the quality of our products and services " with weight mean " 74.24%" and p-value " 0.000" , and agree that " We introduce our services and products faster then competitors " with weight mean " 72.00%" and p-value " 0.000" , and agree that " Our goods are delivered to our customers in the specified time " with weight mean " 71.68%" and p-value " 0.000" , and agree that " The

nature and content of the product is determined after a field study to the customers needs and tastes " with weight mean " 70.88%" and p-value " 0.000" , and agree that " There are pilot surveys in regard to customers satisfaction " with weight mean " 69.92%" and p-value " 0.000" , and agree that " We have the ability to expect and respond to our customers needs " 67.26%" and p-value " 0.003" .

The results of this fields item reveal that there is a real quick response among food and beverages establishments to the needs of the market. This is explained by saying there is a limited number of customers and a huge number of suppliers in term of food and beverages establishments, so there is a an intensive level of competition in this regard. These results also reveal that there is a real competitive cycle between food and beverage establishments as mentioned previously due to the limitation of the local market.

These results also reveal that there is a high awareness of the Gazian food and beverage establishments of the real assets of their business which are the customers. It seems that they are aware of their customers needs and they are able to satisfy these needs in the appropriate time and amount. The results of this field reveal that there is a kind of harmony in certain kind of food and beverages establishments and their customers. These results also reveal that there is a clear attention and care for the great significance of research and development studies and surveys.

For general the results for all statements of the field show that the average mean equal 3.66 and the weight mean equal 73.24% which is greater than " 60%" and the number of positive signs are grater than the negative signs and the p- value equal 0.000 which is less than 0.05, which means the respondent of the sample agrees that The level of competitive capability at Gaza's food industries sector was statistically satisfactory. This result agrees with the study of (Mahmmoud, 1999) "the Reality of the Food Industries in the Gaza Strip", where it stated that this sector of industries is able to compete since it is fully aware of its customers needs and desires and it works hard to satisfy these needs with the amount they want. While another study which is (Migdad and others, 1999) and others "Mechanisms of replacing imported goods from Israel" stated that one of the impediments for this replacement is the neglecting of the customers desires in terms of good quality and low prices.

Table No.(5\3)

The sign test to the items of the field of (Customer Care)

Customer Care		Positive sign Agree and Highly Agree	Neutral	Negative sign ( Disagree and Highly Disagree	mean	Weight Mean	p-value
12	We totally know (size, desires, kind) of our customers in the market	101	21	3	4.08	81.60	0.000
13	Our customers are satisfied with our goods	77	41	7	3.77	75.36	0.000
14	Our goods are delivered to our customers in the specified time	64	45	16	3.58	71.68	0.000
15	We introduce our services and products faster then competitors	70	39	16	3.60	72.00	0.000
16	We have the ability to expect and respond to our customers needs.	59	36	30	3.36	67.26	0.003
17	There are pilot surveys in regard to customers satisfaction	70	30	25	3.50	69.92	0.000
18	The nature and content of the product is determined after a field study to the customers needs and tastes	68	32	25	3.54	70.88	0.000
19	Our customers are satisfied with the quality of our products and services	75	38	12	3.71	74.24	0.000
20	Our establishment always makes performance appraisals and takes feedback in case of work failures	79	35	11	3.81	76.16	0.000
<b>All items</b>		<b>100</b>	<b>0</b>	<b>25</b>	<b>3.66</b>	<b>73.24</b>	<b>0.000</b>

### 3. Establishment Culture

Table No. (5\4) which illustrated that the respondent agree that " Our establishment is aware of what is happening in the domestic and international markets " with weight mean equal " 76.32%" and p-value " 0.000" , and agree that " Our establishment management believes in democracy and group work " with weight mean " 71.04%" and p-value " 0.000" , and agree that " Our establishment management has a positive thinking in regard to the "learning organizations"" with weight mean " 70.72%" and p-value " 0.000" , and agree that " The high level management believes in decentralization and authority delegation " with weight mean " 60.80%" and p-value " 0.649"

The results of this field reveal that there is a clear cultural awareness of what is going on in the domestic market and this is expected because of the limited market we have in Gaza. So, knowing and even determining what is happening in the local market is so easy. But, in

regard to the international market especially in this sector I do believe it is unreasonable because of the lack of this culture in our establishments.

The results also reveal that there is a real trend toward democratizing the business managerial stuff. This is due to the fact that these concept of group work and team work facilitate the kind of work especially in food and beverages industries. This result also denotes that there is an effective culture that the Gaza Strip food and beverages establishments management still restricted to. This culture recognizes or understands the benefits and advantages of a real learning organization that believes in learning and developing its staff and personnel.

The results also reveal that there is a relatively negative response toward the concepts of decentralization and authority delegation, which shows the fact that still in some business fields this kind of modern management concepts has not been recognized and implemented yet. This can be due to the dictatorship nature of these establishments managers besides their own preservative culture.

For general the results for all statements of the field show that the average mean equal 3.49 and the weight mean equal 69.72% which is greater than " 60%" and the number of positive signs are grater than the negative signs and the p- value equal 0.000 which is less than 0.05, which means the respondent of the sample agrees that The level of competitive capability at Gaza's food industries sector was statistically satisfactory. a lot of the previous studies tackled the issue of culture in various domains. (Keimeriks, 2005) in his study "Alliance capability as a mediator between experience and performance" stated that it is a factor of success to have a positive culture in terms of modern concepts such as alliances by all their types. This culture will lead to the prosperity of the business. Another study of (Liu, 2006) "cultural intelligence capabilities in international business negotiation" in which he stated that cultural is firm's capability to adapt to new contexts. He stated that culture is an important capability in all aspects of business especially international negotiation. He concluded that culture as a competitive capability has a positive relation with the efficiency of the business processes.

Table No.(5\4)  
The sign test to the items of the field of (Establishment Culture )

Establishment Culture		Positive sign Agree and Highly Agree	Neutral	Negative sign ( Disagree and Highly Disagree	Mean	Weight Mean	p-value
21	Our establishment is aware of what is happening in the domestic and international markets	91	24	10	3.82	76.32	0.000
22	Our establishment management has a positive thinking in regard to the" learning organizations"	68	43	14	3.54	70.72	0.000
23	Our establishment management believes in democracy and group work	69	38	18	3.55	71.04	0.000
24	The high level management believes in decentralization and authority delegation	41	48	36	3.04	60.80	0.649
<b>All items</b>		100	0	25	3.49	69.72	0.000

#### 4. Managerial and Organizational Structure

Table No. (5\5) which illustrated that the respondent agree that " There are documented managerial records and reports in the establishment " with weight mean equal " 77.76%" and p-value " 0.000" , and agree that " The level of the establishment personnel's satisfaction on the efficiency of the structure is high " with weight mean " 70.72%" and p-value " 0.000" , and agree that " The structure of the establishment is organized to maximize efficiency and minimize work duplication " with weight mean " 69.92%" and p-value " 0.000" , and agree that " There are plans to modify the managerial and organizational structure in the establishment " with weight mean " 69.60%" and p-value " 0.000" , and agree that " The establishment structure cope with the nature of its work and doesn't exhaust it " with weight mean " 66.88%" and p-value " 0.000" , , and agree that " It's easy to know who is the responsible when something wrong happen " with weight mean " 65.44%" and p-value " 0.001".

This shows a good result in regard to the efficiency of the structure of the establishment. The results of this field reveal that there is a good handling of setting up a good structure for the establishments sake, and the employees beside workers are satisfied with this structure. This is once again a good indicator that our food industries establishments is concerned about the efficiency of the structure and the personnel's satisfaction with this

structure. This also reveals that food and beverages establishments in the Gaza Strip are aware of the necessity of such documented records for various matter such as plans, taxes, performance appraisal and others.

The results of this field reveal that the establishment management is concerned about the structure of its establishment because of its recognition that a good structure leads to a good and effective establishment. The results of this field reveal that there is a positive indicator in the field of managerial and organizational structure that food and beverages establishments' management does take into consideration the importance and crucial significance of maximizing efficiency with an appropriate structure.

This result indicates that there is a real positive handling of this field of business capabilities in the food industries sector in the Gaza Strip. The researcher interprets that the management of these establishments are highly interested in maximizing their profit and they believe that this will never be achieved unless they have a unique and sufficient structure. Some results reveal a relative positive response. The researcher explains this by clearing up the fact that there are some jobs description interference. There are some duplications in job specifications and descriptions so, it is easy sometimes to be confused with determining who is the one behind a wrong action or transaction.

For general the results for all statements of the field show that the average mean equal 3.50 and the weight mean equal 70.05% which is greater than " 60%" and the number of positive signs are grater than the negative signs and the p- value equal 0.000 which is less than 0.05, which means the respondent of the sample agrees that the level of competitive capability at Gaza's food industries sector was statistically satisfactory. However, the researcher believe that this field needs to be more enhanced and activated in terms of modern concepts of pure managerial beliefs rather than individualistic or familial tendencies.

The results are positive in this field due to the simplicity and small-scale of the business being tackled; where there is no complicated hierarchal structure since the establishment's majority is small business. This result totally agrees with (Beer and Eisenstat, 2004) study "developing organizational capability to compete. They stated that the organizational structure and alignment is the main component of business competitive processes.

Table No.(5\5)  
The sign test to the items of the field of (Managerial and Organizational Structure)

Managerial and Organizational Structure		Positive sign Agree and Highly Agree	Neutral	Negative sign (Disagree and Highly Disagree)	mean	Weight Mean	p-value
25	The structure of the establishment is organized to maximize efficiency and minimize work duplication	76	25	24	3.50	69.92	0.000
26	The establishment structure cope with the nature of its work and doesn't exhaust it	64	33	28	3.34	66.88	0.000
27	There are documented managerial records and reports in the establishment	81	40	4	3.89	77.76	0.000
28	It's easy to know who is the responsible when something wrong happen	63	31	31	3.27	65.44	0.001
29	There are plans to modify the managerial and organizational structure in the establishment	68	36	21	3.48	69.60	0.000
30	The level of the establishment personnel's satisfaction on the efficiency of the structure is high	68	38	19	3.54	70.72	0.000
<b>All items</b>		<b>100</b>	<b>0</b>	<b>25</b>	<b>3.50</b>	<b>70.05</b>	<b>0.000</b>

## 5. Production Planning

Table No. (5\6) which illustrated that the respondent agree that " There are seasonal production plans for the whole establishment and for each division in separate " with weight mean equal " 74.08%" and p-value " 0.000" , and agree that " There is a detailed budget to expenses and production planning " with weight mean " 73.44%" and p-value " 0.000" , and agree that " Our establishment works on reducing production expenses and machines idle time " with weight mean " 72.80%" and p-value " 0.000" , and agree that " Our establishment works on reducing the products wastes and to achieve a high quality " with weight mean " 70.88%" and p-value " 0.000" , and agree that " We produce the demanded amounts with the required quality " with weight mean " 70.65%" and p-value " 0.000" , and agree that " Machines maintenance is held periodically and by experts " with weight mean " 67.20%" and p-value " 0.000" , and agree that " We have the production capability in all our division to satisfy the markets and customers needs " with weight mean " 65.44%" and p-value " 0.012" , and agree that " Machines used in production fulfill their tasks as designed " with weight mean " 65.44%" and p-value " 0.005" , and agree that " Inventory system is effective and helps in enhancing the production efficiency " with weight mean " 63.84%" and p-value "



0.090" , and agree that " There are periodical changes on the design and methods of production processes " with weight mean " 62.56%" and p-value " 0.219" .

The results reveal that there is a strong trend among food and beverages establishments to utilize and maximize their machines to the highest extent. This is explained by the researcher by stating that there is no way else to the food establishments to achieve their goals and targeted profits except by utilizing the maximum range of their machine and to reduce their expenses in order to achieve the desired and target profit they are seeking.

The results of this field reveal that machines are totally and appropriately used in the production process in this sector. This can be explained by saying that the breakdown of any machine is so expensive for the establishment because of the high expenses of repairing. They need to ask some Israeli experts sometimes so, they are doing their best not to waste the efficiency of the production machines.

The results of this field reveal that there is a good caring about the products wastes and achieving the highest level of quality they can. This is an excellent indicator that they have to stick to in order to reach a good capability in this field which is a good product and a minimum waste in the production planning field.

The results of this field reveal that there is a clear consideration to the budget formulating and the expenses of production planning. This is explained by that the food and beverages establishments management is highly concerned with the production cycle and the production budgets and expenses. This comes back to the management recognition of that unless they watch such fields they are unable to achieve their goals and ends.

The results of this field reveal the high rank of the management consideration of production processes. The establishments management is concerned with having the professional and sufficient design and method of production so, the appropriate method is to try and modify or change in parallel with the conditions the factory or the plant needs.

The results of this field reveal that fact that there is still weakness in this item of the field; the production planning team in this regard is not so effective in the manner of maintaining production machines and using experts in this regard is no easy as it was at time Israeli experts were able to come and go to Gaza. So, this can be explained that there is a shortcoming in this point due to the lack of experts in this kind of machines.

The results of this field reveal that there is to a certain extent weakness in the domain of seasonal production plans for the whole establishment and this leads us to the spontaneous and random tackling of the production process. There must be seasonal production plans for the whole establishment and this is so crucial especially to food and beverages establishments that is maneuvering with seasons.

The results of this field reveal that the production capability of the food industries sector needs to be reassessed and reevaluated due to the recent shortcoming we have from the respondents participation. It is clear that the production capability in all their divisions and products lines is not sufficient and qualified to provide the needs of the customers and their markets. This may be explained because of that certain establishments are not aware of this field and the lack of field surveys and customers feedback is not available to give them a real work assessment and evaluation to find the weakness and strength point and work on them.

The results of this field reveal that the inventory system of such establishments is not highly qualified to meet the needs of the production process. The researcher explained that there is no computerized system or data base to control the inventory needs on an accounting base. Also, there is another crucial reason that is the Israeli economic siege that sometimes the establishments in Gaza depend totally on these raw materials from the Israeli side.

For general the results for all statements of the field show that the average mean equal 3.43 and the weight mean equal 68.63% which is greater than " 60%" and the number of positive signs are grater than the negative signs and the p- value equal 0.000 which is less than 0.05, which means the respondent of the sample agrees that The level of competitive capability at Gaza's food industries sector was statistically satisfactory.

This result goes with some of the previous studies and does not go with some others. Some of the studies such as such as (Mahmmoud, 1999) agreed that there is, to a certain extent, good production planning in certain factories of food industries that are able to satisfy their market share and compete in the outside markets bust still they need to be further motivated and worked upon by developing new products lines and innovating new mechanisms to compete internationally. According to (Nofal, 1995) his study in concluded with the results that there is a clear absence of exploiting optimum production capacity due to the weak administrative

capacity of production planning and inventory. Another study by (Abu Jama,1993) which recommended that there must be a genuine move from the side of this industry to absorb the surplus agricultural products to compete the imported products and this can be achieved by enhancing the production capabilities. Another study by the Palestinian Ministry of Planning and International Cooperation concluded that there must be a genuine trend toward working on the utilization of agricultural surpluses by planning and setting up new factories for juice, jam pickles, olive and others.

Table No.(5\6)  
The sign test to the items of the field of (Production Planning)

Production Planning		Positive sign Agree and Highly Agree	Neutral	Negative sign ( Disagree and Highly Disagree	Mean	Weight Mean	p-value
31	There are seasonal production plans for the whole establishment and for each division in separate	81	31	13	3.70	74.08	0.000
32	There are periodical changes on the design and methods of production processes	46	45	34	3.13	62.56	0.219
33	We have the production capability in all our division to satisfy the markets and customers needs	62	27	36	3.27	65.44	0.012
34	Machines used in production fulfill their tasks as designed	53	45	27	3.27	65.44	0.005
35	Machines maintenance is held periodically and by experts	66	29	30	3.36	67.20	0.000
36	We produce the demanded amounts with the required quality	73	30	22	3.53	70.65	0.000
37	Inventory system is effective and helps in enhancing the production efficiency	53	36	36	3.19	63.84	0.090
38	There is a detailed budget to expenses and production planning	77	36	12	3.67	73.44	0.000
39	Our establishment works on reducing production expenses and machines idle time	77	33	15	3.64	72.80	0.000
40	Our establishment works on reducing the products wastes and to achieve a high quality	71	38	16	3.54	70.88	0.000
<b>All items</b>		<b>94</b>	<b>0</b>	<b>31</b>	<b>3.43</b>	<b>68.63</b>	<b>0.000</b>

## 6. Human Resources

Table No. (5\7) which illustrated that the respondent agree that " There are orientation and guidance programs for the new workers " with weight mean equal " 71.61%" and p-value " 0.000" , and agree that " The establishment has a well organized system of recruitment and selection leads to a qualified staff to work " with weight mean " 71.52%" and p-value " 0.000" , and agree that " Trainers are highly qualified and effective " with weight mean " 71.52%" and p-value " 0.000" , and agree that " There are continuous training programs to improve employees and workers competences " with weight mean " 67.84%" and p-value " 0.000" , and agree that " There is an effective compensation system goes with workers desire and attract qualified workers " with weight mean " 64.83%" and p-value " 0.003" , and agree that " There are practical material for training available to trainees " with weight mean " 64.80%" and p-value " 0.015" , and agree that " Practical training suits your job specifications " with weight mean 64.80" %" and p-value " 0.015" , and agree that " There is coordination between the division and the personnel department when selecting or employing " with weight mean " 64.68%" and p-value " 0.002" , and agree that " There are accident, robbery, health, fire insurance in the establishment " with weight mean " 64.48%" and p-value " 0.002" , and agree that " There is a highly job satisfaction and enthusiasm to work " with weight mean " 61.63%" and p-value " 0.102" , and disagree that " The establishment saves advantages to its workers such as transportation, meals , incentives " with weight mean " 59.84%" and p-value " 0.208"

The results of this field reveal that there is a good human resources component which is recruitment and selection. The researcher interprets that by stating that most of the owners and managers of food and beverages establishments are highly interested in hiring the qualified and professional workers so, they strict the constraints when hiring in order to recruit the professional ones.

The results of this field reveal that there is a strong coordination between the division and the personnel department and this makes the process of hiring or firing perfect. The results of this field also reveal that there is a good indicator in the regard of orientation and guidance programs for the new workers. This can be simply explained by saying that these kind of programs are so crucial for the nature of work. Since the new worker has this program, he knows the nature of his duties and tasks in addition this program makes it easy for him and for his team.

The results of this field reveal that the nature of this sector necessitates that workers and employees need to have updating training programs to cope with any modern technology or programs the establishment update in their work. The results of this field reveal that the nature of such jobs is not again so complex or needs very complicated skills. So, the training they have is so easy and simple and does not need that high level of preparation and implementation.

The results of this field reveal that trainers are so satisfying to the trainers needs and this can be explained simply by stating that the nature of each worker in this kind of business is not so complicated and does not needs a highly qualified and with certain elevated skill trainer. So, trainers and sufficient and satisfying for the trainees form this point of view.

The results of this field reveal that there is a clear taking care in this field with insurance this may goes back to the strong control and monitoring of health care establishments and union persistence to create a secure and safe environment for the workers in their work sites. Besides, the management of the establishment recognizes that a safe environment leads to good work and loyal workers.

The results of this field reveal that worker in this sector are satisfied with their wages and salaries. Going back to these workers wages and salaries in old times, they were high and incomparable with these wages, but due to the closings of crossing and the Israeli markets, they are satisfied with these modest wages.

The results of this field reveal that there is to a low extent some employees and workers satisfaction in reference to some incentive such as meals and transportations. This is not so good for the establishment since they build loyalty and enthusiasm to work among employees and workers in this sector. The results of this field reveal that there is training material available to the trainees in the site of work. This is explained that there is no complicating materials or training skills that needs certain highly qualified materials in this kind of business .

The results of this field reveal that there is loyalty and job satisfaction among workers. This can be easily interpreted by saying that workers do not have another place to live from

except such establishments. So, they cope themselves with their work conditions. These results go with the results of most of the Arab previous studies where mostly all of them focused on the need to concentrate and pay more attention to the training and taking care of employees since they are the fixed assets of the establishments and they need to be treated in a high sensitive treating to satisfy their needs and extract their potentials.

For general the results for all statements of the field show that the average mean equal 3.31 and the weight mean equal 66.15% which is greater than " 60%" and the number of positive signs are grater than the negative signs and the p- value equal 0.000 which is less than 0.05, which means the respondent of the sample agrees that The level of competitive capability at Gaza's food industries sector was statistically satisfactory. However, it needs further improvements and enhancements by holding some training seminars for the owners and managers of these establishments to enable them tackle their obstacles and problems.

The results of this field goes with almost most of the studies where (Abu Ful, 1999) study "the reality of food industries in the Gaza Strip, Problems and solutions" stated that mangers of this industry need to work on the problem of human resources by linking wage scales with cost of living and also setting up comprehensive incentive and insurance system to their workers to sustain their loyalty. Another study by the Palestinian Planning Center-Office of the President in 1994 recommended organizing training seminars and courses for the workers and mangers of food establishments to enhance their capabilities.

Table No.(5\7)  
The sign test to the items of the field of (Human Resources)

Human Resources		Positive sign Agree and Highly Agree	Neutral	Negative sign ( Disagree and Highly Disagree	mean	Weight Mean	p-value
41	The establishment has a well organized system of recruitment and selection leads to a qualified staff to work	76	32	17	3.58	71.52	0.000
42	There is coordination between the division and the personnel department when selecting or employing.	55	44	26	3.23	64.68	0.002
43	There are orientation and guidance programs for the new workers	73	37	15	3.58	71.61	0.000
44	There are continuous training programs to improve employees and workers competences	59	47	19	3.39	67.84	0.000
45	There are practical material for training available to trainees	52	44	29	3.24	64.80	0.015
46	Practical training suits your job specifications	52	44	29	3.24	64.80	0.015
47	Trainers are highly qualified and effective	78	24	23	3.58	71.52	0.000
48	There is an effective compensation system goes with workers desire and attract qualified workers	51	50	24	3.24	64.83	0.003
49	There is a highly job satisfaction and enthusiasm to work	50	41	34	3.08	61.63	0.102
50	There are accident, robbery, health, fire insurance in the establishment	64	29	32	3.22	64.48	0.002
51	The establishment saves advantages to its workers such as transportation, meals , incentives	52	34	39	2.99	59.84	0.208
<b>All items</b>		<b>86</b>	<b>0</b>	<b>39</b>	<b>3.31</b>	<b>66.15</b>	<b>0.000</b>

## 7. Technology

Table No. (5\8) which illustrated that the respondent disagree that " The establishment uses a highly technological system of communication " with weight mean equal " 44.16%" and p-value " 0.000" , and disagree that " Computers are used to improve speed and effectiveness of the establishment affairs " with weight mean " 42.56%" and p-value " 0.000" , and disagree that " The establishment is concerned about what is new in the programming fields that may be improved " with weight mean " 40.65%" and p-value " 0.000"

This result denotes that opinions of respondents are negative, i.e. they agree that the firm does not have a highly technological system of communication. They agree that their firm is not concerned about what is new in the programming fields that may improve their performance. They agree that their firm is not employing computers appropriately to upgrade their effectiveness in their firm's affairs.

They agree that their firm is not having a computerized program that covers all the managerial, accounting, production and inventory processes. The researcher explains this by saying that management does not allocate the sufficient financial resources for this domain of their business. In addition they do not give chance for innovators either.

In general the results denote that opinions of respondents are negative in the field of firm's technology i.e. the firm does not have a real sophisticating and satisfying level of technology to apply and implement within its boundaries. The researcher refers the result that there is not a high trend within the mediums of such establishments owners and managers toward developing their firms technology. This is because of the misunderstanding of the traditional way of business working i.e. to have everything written manually and besides some of them believe that their nature of business work does not need that highly sophisticated system of technology because it is so simple and easy to be controlled.

The results of this field go in harmony with the results of some of the English and Arab studies that highly concentrated on technology as a basic competitive capability that needs to be strengthened and highlighted. One of the studies "Measuring technological capability and performance" by (Cooms and Bierly,2006) stated that the effectiveness of any firm is measured by its technological capability in every domain of its business. Since technology is the most crucial capability that can be updated. According to (Abu Ful, 1999) whose study recommended that there must be a genuine work on saving technical tools specialized in the field of agriculture and food processing, in addition to saving professional workers and engineers able to hold these tools.

For general the results for all statements of the field show that the average mean equal 2.12 and the weight mean equal 42.43% which is less than " 60%" and the number of positive signs are less than the negative signs and the p- value equal 0.000 which is less than 0.05, which means the respondent of the sample agrees that The level of competitive capability



at Gaza's food industries sector is was statistically un satisfactory. This field in particular needs great attention and consideration from those who are concerned about their business prosperity and growth. The owner and managers need to allocate more financial resources to this field in order to let it go up and upgrade their system. It needs also to have a profound belief in supporting and encouraging any new technological efforts in any part of the production or the whole business operations and processes.

Table No.(5\8)  
The sign test to the items of the field of (Technology)

Technology		Positive sign Agree and Highly Agree	Neutral	Negative sign (Disagree and Highly Disagree)	mean	Weight Mean	p-value
52	The establishment uses a highly technological system of communication	10	34	81	2.21	44.16	0.000
53	The establishment is concerned about what is new in the programming fields that may be improved	9	25	91	2.03	40.65	0.000
54	Computers are used to improve speed and effectiveness of the establishment affairs	14	20	91	2.13	42.56	0.000
	All	17	0	108	2.12	42.43	0.000

## 8. Development and Innovation

Table No. (5\9) which illustrated that the respondent agree that " There is great attention from the management toward research and development to innovate " with weight mean equal " 51.52%" and p-value " 0.000" , and disagree that " Top Management believes in the benefits of development and innovation to the establishment " with weight mean " 43.68%" and p-value " 0.000" , and disagree that " There is creativity in research and development methods inside the establishment " with weight mean " 43.20%" and p-value " 0.000" , and disagree that " Employees are involved in creating and innovating different views in the production process " with weight mean " 41.60%" and p-value " 0.000" , and disagree that " There is a great harmony between services technology and markets needs based on pilot surveys in the field " with weight mean " 40.00%" and p-value " 0.000" , and disagree that " There is a healthy environment suitable to creativity, development and innovation " with weight mean " 39.84%" and p-value " 0.000" ,

The results of this field show that there is negativity in the respondents' opinions in regard to research and development concepts that leads to innovation and the researcher refers this to the establishment's management underestimation of such concepts that elevate the performance of their firms.

The results show that the respondents do not agree that there is creativity in research and development methods inside the establishment, which reflects an expected response compared with its preceding one. There is no contradiction between the two respondents opinions. The researcher refers this to either one of the reasons, one is that the participants do not understand the question, the second is that lack of knowledge in the field of the importance and nature of the concepts of research and development that lead to innovation.

The do not agree that there is a great harmony between services technology and markets needs based on pilot surveys in the field. The researcher refers this to that there is no understanding of the market and the services the establishment is tackling and the harmony is not available within the boundaries of this business managers.

The respondents believe that employees are not involved in creating and innovating different views in the production process. The researcher refers this to the one-man-show business nature, which means that the manager or the owner of the business always refers the success of his business to his efforts denying the others.

The respondents believe that there is not a healthy environment suitable to creativity, development and innovation. This can be explained by referring to the hardship conditions the whole industrial sectors are going through because of ht suffocating siege and unfair economic burgoon that Israelis impose on Gaza. In response to such conditions some may surrender to the trend of just keep moving, no need for development and innovation, we just want to survive.

This also denotes that opinions of respondents are negative, i.e. establishment's top management does not consider the benefits of development and innovation to their business. This can be referred to the misunderstanding of such concepts in addition to that they did not study or even experienced the benefits of these practices otherwise they will surely recognize the benefits of them.

For general the results for all statements of the field show that the average mean equal 2.17 and the weight mean equal 43.31% which is less than " 60%" and the number of positive signs are less than the negative signs and the p- value equal 0.000 which is less than 0.05, which means the respondent of the sample agrees that The level of competitive capability at Gaza's food industries sector is not statistically satisfactory. This field needs to be revised by the managers and owners of these establishments since all the previous study support the result of this research. (Abu Ful, 1999), (Nofel, 1995) and (Abu Jama, 1993) stated that food industrial sector lacks what is called innovation and development. This is to be totally changed by the change of the owners and managers beliefs of these concepts. They need to look and benefit from the outside world experience in this field. They may get benefits from these experiences when they touch the effect of these concepts on the profitability and quality improvements of their work.

Table No.( 5\9)  
The sign test to the items of the field of Development and Innovation)

Development and Innovation		Positive sign Agree and Highly Agree	Neutral	Negative sign ( Disagree and Highly Disagree	mean	Weight Mean	p-value
55	There is great attention from the management toward research and development to innovate	17	46	62	2.58	51.52	0.000
56	There is creativity in research and development methods inside the establishment	11	24	90	2.16	43.20	0.000
57	There is a great harmony between services technology and markets needs based on pilot surveys in the field	4	28	93	2.00	40.00	0.000
58	Employees are involved in creating and innovating different views in the production process	11	23	91	2.08	41.60	0.000
59	There is a healthy environment suitable to creativity, development and innovation	6	25	94	1.99	39.84	0.000
60	Top Management believes in the benefits of development and innovation to the establishment	14	26	85	2.18	43.68	0.000
		15	0	110	2.17	43.31	0.000

## 9. Product and Market Strategies

Table No. (5\10) which illustrated that the respondent agree that " There are clear strategies for the product and market and all workers are familiar with " with weight mean equal " 70.88%" and p-value " 0.000" , and agree that " We observe carefully the competitors markets and products strategies " with weight mean " 70.88%" and p-value " 0.000" , and agree that " Sales persons posses the capabilities and skills of selling and marketing " with weight mean " 70.88%" and p-value " 0.000" , and agree that " There are regular sitting to discuss strategies " with weight mean " 70.56%" and p-value " 0.000" , and agree that " Our markets and products strategies assures our products line that dominate the markets " with weight mean " 63.20%" and p-value " 0.028" , and agree that " Workers and employees from all levels and division are involved in discussions of strategies " with weight mean " 54.88%" and p-value " 0.040"

The results denote that opinions of respondents are positive, i.e. there are clear strategies for the firm's market and product. This can be referred to that the Gazian firms work as they believe that there is a great need for such strategies as far as their business is to continue doing well. This is the main reason the researcher can present in this regard.

This result also denotes that opinions of the respondents are positive. i.e. they agree that their establishment considers the competitors strategies in the field of product and market. This denotes that opinions of respondents are positive, i.e. they believe that their sales persons have the required skills and capabilities of selling and marketing.

This denotes that opinions of the respondents are positive. i.e. There are regular sittings to discuss strategies.

This denotes that opinions of respondents are negative, i.e. Workers and employees from all levels and divisions are not involved in discussing the firm's strategies. This was mentioned above in various fields. This clarifies the culture of the owners and managers of these establishments that does not see except itself.

this denotes that opinions of the respondents are positive. i.e. The establishment markets and products strategies assure their products line that dominate the markets.

For general the results for all statements of the field show that the average mean equal 3.34 and the weight mean equal 66.88% which is greater than " 60%" and the number of

positive signs are greater than the negative signs and the p-value equal 0.000 which is less than 0.05, which means the respondent of the sample agrees that The level of competitive capability at Gaza's food industries sector was statistically satisfactory. However, this field needs further improvements and enhancements by looking after the market of food products and generating crews of professional workers with experiences and skills in enlarging the benefits of their business. Owners and managers of establishments should pay attention to the renovation and development of food products to enable them to compete in the domestic and international markets.

These results go totally with a lot of the previous studies which almost all of them concentrated on this domain of capabilities that need to be highly activated and enhanced. The study of the Palestinian Ministry of Planning and International Cooperation stated the recommendations of working on the products and market strategies to compete the Israeli products. Nofel in his study focused on the absence of exploiting new tactics of market and products innovations in the Palestinian industry, where they do not estimate their needs appropriately. Therefore they are unable to save this market its needs.

Table No.(5\10)  
The sign test to the items of the field of (Product and Market Strategies)

Product and Market Strategies		Positive sign Agree and Highly Agree	Neutral	Negative sign ( Disagree and Highly Disagree	Mean	Weight Mean	p-value
61	There are clear strategies for the product and market and all workers are familiar with	78	26	21	3.54	70.88	0.000
62	We observe carefully the competitors markets and products strategies	69	43	13	3.54	70.88	0.000
63	Sales persons possess the capabilities and skills of selling and marketing	69	44	12	3.54	70.88	0.000
64	There are regular sitting to discuss strategies	71	35	19	3.53	70.56	0.000
65	Workers and employees from all levels and division are involved in discussions of strategies	37	30	58	2.74	54.88	0.040
66	Our markets and products strategies assures our products line that dominate the markets	52	42	31	3.16	63.20	0.028
		90	0	35	3.34	66.88	0.000

## 10. Marketing Operations

Table No. (5\11) which illustrated that the respondent agree that " We are able to compete in the domestic markets better than the international " with weight mean equal " 80.80%" and p-value " 0.000" , and agree that " We use the newest tools of advertising and publicity such as T.V, Radio, and salespersons " with weight mean " 74.24%" and p-value " 0.000" , and agree that " We overcome our competitors by improving our quality management " with weight mean " 71.20%" and p-value " 0.000" , and agree that " We overcome our competitors by diversifying our products and introducing new products " with weight mean " 69.92%" and p-value " 0.040" , and agree that " There are pilot surveys and studies that measure the progress of the marketing operations " with weight mean " 66.08%" and p-value " 0.028" , and disagree that " We are able to compete in the international markets " with weight mean " 51.04%" and p-value " 0.000"

The results reveal that food industries establishments in Gaza disagree that they are able to compete in the international market as they do in the domestic markets. This denotes that opinions of the respondents are positive. i.e. Their firms use the newest tools of advertising an publicity effectively and appropriately.

This denotes that opinions of the respondents are positive. i.e. the food industries firms do work on improving their quality management. This denotes that opinions of the respondents are positive. i.e. the food industries firms do work on diversifying their products and introducing new products. Here it appears the importance of this firm capability in the eye's of the owners or managers of these firms. They believe that they need to compete by diversifying and introducing the best to the market.

This denotes that opinions of respondents are relatively positive, i.e. The establishments do not give the pilot surveys and studies that measure the progress of the marketing operations their required significance and affectivity. This is a major proof that the management of these firms do not consider fields study or any type of research and development in any field of its capabilities. This is a major problem I think the food and beverages industrial sector is facing. Therefore it needs to be discussed and precisely tackled.

The results of this field goes totally with a lot of the Arab previous studies such as Rajab who stated that food industries are suffering from overlapping difficulties from the starting up production stage till the marketing stage which is one of the most difficulties impeding the advancement of the food industries. Another study by Abu Jama states that there must be a real work to promote food industries sector in the Gaza Strip through the search for good marketing strategies that are able to bridge the obstacles of this industry domestically and regionally.

For general the results for all statements of the field show that the average mean equal 3.44 and the weight mean equal 68.88% which is greater than "60%" and the number of positive signs are greater than the negative signs and the p-value equal 0.000 which is less than 0.05, which means the respondent of the sample agrees that The level of competitive capability at Gaza's food industries sector was statistically satisfactory. However, it needs further enhancements by developing their marketing system regardless of the Israeli obstacles. The owners and managers of food establishments need to have practical steps in this regard by allocating more financial resources to this field. Since a good marketing strategy worth a fortune in the field of business. They need to employ specialists in the marketing operations and strategies in order to move the static water of their business locally and even internationally.

Table No.(5\11)  
The sign test to the items of the field of (Marketing Operations)

Marketing Operations		Positive sign Agree and Highly Agree	Neutral	Negative sign ( Disagree and Highly Disagree	mean	Weight Mean	p-value
67	We are able to compete in the domestic markets better than the international	106	10	9	4.04	80.80	0.000
68	We are able to compete in the international markets	36	27	62	2.55	51.04	0.000
69	We use the newest tools of advertising and publicity such as T.V, Radio, and salespersons	78	35	12	3.71	74.24	0.000
70	We overcome our competitors by improving our quality management	68	44	13	3.56	71.20	0.000
71	We overcome our competitors by diversifying our products and introducing new products	68	39	18	3.50	69.92	0.040
72	There are pilot surveys and studies that measure the progress of the marketing operations	58	41	26	3.30	66.08	0.028
		90	0	35	3.44	68.88	0.000

## 11. International Management

Table No. (5\12) which illustrated that the respondent agree that " Our establishment imports from outside countries " with weight mean equal " 71.84%" and p-value " 0.000" , and agree that " Top management is concerned and with high awareness in regard to international work significance " with weight mean " 62.08%" and p-value " 0.668" , and disagree that " There are attempts to open international representative offices outside Gaza " with weight mean " 50.24%" and p-value " 0.000" , and disagree that " There are communication channels with some outside establishments to build partnerships " with weight mean " 50.24%" and p-value " 0.000" , and disagree that " Our establishment exports outside Gaza " with weight mean " 44.00%" and p-value " 0.000" .

Respondents agree that their top management is concerned and with high awareness in regard to international work significance. But still the weight mean "62.08" is no too high in turn this denotes that opinions of the respondents are relatively positive. The respondents also agree that there are not that attempts to open international representative offices outside Gaza. This result also denotes that opinions of respondents are negative, i.e.



The establishment's management does not work on setting up communication channels with the outside establishments to build any kind of partnerships. The respondents agree that their establishments imports from outside Gaza and do not import to the outside.

For general the results for all statements of the field show that the average mean equal 2.78 and the weight mean equal % 55.68 which is less than " 60%" and the number of positive signs are less than the negative signs and the p- value equal 0.000 which is less than 0.05, which means the respondent of the sample agrees that The level of competitive capability at Gaza's food industries sector was not statistically satisfactory. This field needs to be seriously treated since all the previous studies came to the same result that this domain of food establishments competitive capabilities is totally poor. A lot of the previous studies recommended that owners and managers must work on opening communication channels with regional counterparts in the Arab region rather than the international market. This can happen by starting work on having representative offices in the neighboring countries and studying the markets there to find out their capabilities and readiness to compete.

Table No.(5\12)

The sign test to the items of the field of (International Management)

International Management		Positive sign Agree and Highly Agree	Neutral	Negative sign ( Disagree and Highly Disagree	Mean	Weight Mean	p-value
73	Top management is concerned and with high awareness in regard to international work significance	46	38	41	3.10	62.08	0.668
74	There are attempts to open international representative offices outside Gaza	25	26	74	2.51	50.24	0.000
75	There are communication channels with some outside establishments to build partnerships	22	32	71	2.51	50.24	0.000
76	Our establishment exports outside Gaza	22	17	86	2.20	44.00	0.000
77	Our establishment imports from outside countries	75	18	32	3.59	71.84	0.000
		36	0	89	2.78	55.68	0.000

## 12. Performance Appraisal

Table No. (5\13) which illustrated that the respondent agree that " Our establishment is evaluated by experts and specialized organizations in performance appraisal " with weight

mean equal " 77.60%" and p-value " 0.000" , and agree that " Our products are examined and tested before distribution " with weight mean " 76.32%" and p-value " 0.000" , and agree that " Our establishment achieved domestic and international quality certificates " with weight mean " 72.00%" and p-value " 0.000" , and agree that " Our establishment achieve the targeted goals, policies and objectives " with weight mean " 68.64%" and p-value " 0.000" , and agree that " We have a system of the periodical reports of controlling " with weight mean " 66.08%" and p-value " 0.000" , and agree that " We have a before product preventative monitoring " with weight mean " 64.72%" and p-value " 0.001" , and agree that " There are coordination and cooperation between the various divisions and industrial units " with weight mean " 64.48%" and p-value " 0.036" , and agree that " There is an authentic applying to the total quality management models " with weight mean " 63.04%" and p-value " 0.120" , and agree that " We have nutrition specialist " with weight mean " 61.60%" and p-value " 0.218" , and disagree that " We have an automatic monitoring system " with weight mean " 58.88%" and p-value " 0.554" , and disagree that " Workers and employees are involved in the process of assessment and evaluation " with weight mean " 56.64%" and p-value " 0.151" , and disagree that " Employees are involved in the establishment performance evaluation " with weight mean " 55.48%" and p-value " 0.045" ,

The respondents agree that their establishment is evaluated by experts and specialized organizations in performance appraisal. This is a very effective and healthy sign in these firms that they outsource some experts to evaluate their work and performance.

There is a positive response in regard of total quality management models. This can be explained that there are new trends to apply the modern managerial concepts to all business kinds. They agree that products must be examined before distribution. Again this is a healthy sign that create an effective performance. Some of the firms have achieved international or domestic quality certificates but still they do not go up to the required amount and extent. They admit that nutrition specialist is crucial to the establishment. They agree that there is coordination and cooperation between the various divisions and industrial units. pinions of respondents are negative, i.e. They do not have an automatic monitoring system.

Item (85) and item (89) are formulated in two different ways, but have the same meaning, in order to test respondents' reliability, which were identical, and this is applied in couple fields of the questionnaire.

They believe that there is a system of the periodical reports of controlling. They agree that targeted goals, policies and objectives are achieved. There is no workers involvement in the process of evaluation and assessment.

The results in this field go with a lot of previous studies such as the study of Breznitz which tackled the issue of performance in regard to R and D performance. And Massey and Gawith stated in their study an assessment of supply and demand and how the firm will be effective and with high standards of performance if it is able to evaluate and assess its demand and supply chain.

For general the results for all statements of the field show that the average mean equal 3.27 and the weight mean equal 65.46% which is greater than " 60%" and the number of positive signs are grater than the negative signs and the p- value equal 0.000 which is less than 0.05, which means the respondent of the sample agrees that The level of competitive capability at Gaza's food industries sector was statistically satisfactory. However, it needs further reinforcements and improvements by enhancing the quality management concepts through holding training seminars for the managers and even workers to understand and figure out the nature of this concept. Also, managers need to have the spirit of transparency when it comes to performance appraisal in order to have the authentic and real feedback of their work and how to strengthen the weaknesses they may find. The managers need to involve their workers in the process of assessment as a kind of employees empowerment and loyalty creating in their mentality.

Table No.(5\13)  
The sign test to the items of the field of (Performance Appraisal)

Performance Appraisal		Positive sign Agree and Highly Agree	Neutral	Negative sign ( Disagree and Highly Disagree	mean	Weight Mean	p-value
78	Our establishment is evaluated by experts and specialized organizations in performance appraisal	95	23	7	3.88	77.60	0.000
79	There is an authentic applying to the total quality management models	48	44	33	3.15	63.04	0.120
80	Our products are examined and tested before distribution	82	38	5	3.82	76.32	0.000
81	Our establishment achieved domestic and international quality certificates	78	25	22	3.60	72.00	0.000
82	We have nutrition specialist	54	30	41	3.08	61.60	0.218
83	There are coordination and cooperation between the various divisions and industrial units	51	43	31	3.22	64.48	0.036
84	We have an automatic monitoring system	55	22	48	2.94	58.88	0.554
85	Employees are involved in the establishment performance evaluation.	35	35	55	2.77	55.48	0.045
86	We have a before product preventative monitoring	51	53	21	3.24	64.72	0.001
87	We have a system of the periodical reports of controlling	54	51	20	3.30	66.08	0.000
88	Our establishment achieve the targeted goals, policies and objectives	65	39	21	3.43	68.64	0.000
89	Workers and employees are involved in the process of assessment and evaluation	34	43	48	2.83	56.64	0.151
		85	0	40	3.27	65.46	0.000

For general table No.(5\14) shows the sign test for each field and the whole fields which illustrate that the average mean equal for the whole fields equal 3.25 and the weight mean equal 64.97% which is greater than "60%" and the number of positive signs are grater than the negative signs and the p- value equal 0.000 which is less than 0.05, which means the respondent of the sample agrees that The level of competitive capability at Gaza's food industries sector was statistically satisfactory.

Table No.(5.14)  
The sign test for each field and the whole fields

No.	Section	Positive sign Agree and Highly Agree	Neutral	Negative sign (Disagree and Highly Disagree)	mean	Weight Mean	p-value
1	Mission and vision	96	0	29	3.47	69.33	0.000
2	Customer Care	100	0	25	3.66	73.24	0.000
3	Establishment Culture	100	0	25	3.49	69.72	0.000
4	Managerial and Organizational Structure	100	0	25	3.50	70.05	0.000
5	Production Planning	94	0	31	3.43	68.63	0.000
6	Human Resources	86	0	39	3.31	66.15	0.000
7	Technology	17	0	108	2.12	42.43	0.000
8	Development and Innovation	15	0	110	2.17	43.31	0.000
9	Product and Market Strategies	90	0	35	3.34	66.88	0.000
10	Marketing Operations	90	0	35	3.44	68.88	0.000
11	International Management	36	0	89	2.78	55.68	0.000
12	Performance Appraisal	85	0	40	3.27	65.46	0.000
	<b>All items</b>	<b>91</b>	<b>0</b>	<b>34</b>	<b>3.25</b>	<b>64.97</b>	<b>0.000</b>

## 5.4 Hypotheses Testing

### 5.4.1 The main hypothesis:

The level of competitive capability at Gaza's food industries sector is influenced by the twelve competitive factors (Mission and vision, Customer Care, Establishment Culture , Managerial and Organizational Structure, Production Planning , Human Resources , Technology, Development and Innovation, Product and Market Strategies , Marketing Operations, International Management, Performance Appraisal ) at level  $\alpha = 0.05$  .

The above hypothesis is divided into sub-hypotheses as the following:

H1: there is a significant relation between the establishments in the level of competitive capabilities and Mission and vision at significant level 0.05

To test the hypothesis we used a spearman test and the results in table No.(5\15) which illustrate that the spearman coefficient correlation equal 0.666 which is greater than the critical r value which is equal 0.666 at degrees of freedom "123" , which mean we fail to reject the hypothesis so there is a significant relation between the establishments in the level of competitive capabilities and Mission and vision at significant level 0.05

Table No.(5\15)  
Correlation between the level of competitive capability & mission and vision

Spearman's rho	Analysis's	appropriate environment
establishments in the level of competitive capabilities	Correlation Coefficient	0.666
	Sig. (2-tailed)	0.000
	N	125

The critical r value at degrees of freedom equal 123 and significant level 0.05 is equal 0.174

H2: there is a significant relation between the establishments in the level of competitive capabilities and Customer Care at significant level 0.05

To test the hypothesis we used a spearman test and the results in table No.(5\16) which illustrate that the spearman coefficient correlation equal 0.768 which is greater than the critical r value which is equal 0.174 at degrees of freedom "123" , which mean we fail to reject the hypothesis so there is a significant relation between the establishments in the level of competitive capabilities and Customer Care at significant level 0.05

Table No.(5\16)  
Correlation between the level of competitive capabilities and Customer Care

Spearman's rho	analysis's	appropriate environment
establishments in the level of competitive capabilities	Correlation Coefficient	0.768
	Sig. (2-tailed)	0.000
	N	125

The critical r value at degrees of freedom equal 123 and significant level 0.05 is equal 0.174

H3: there is a significant relation between the establishments in the level of competitive capabilities and Establishment Culture at significant level 0.05

To test the hypothesis we used a spearman test and the results in table No.(5\17) which illustrate that the spearman coefficient correlation equal 0.551 which is greater than the critical r value which is equal 0.174 at degrees of freedom"123" , which mean we fail to reject the hypothesis so there is a significant relation between the establishments in the level of competitive capabilities and Establishment Culture at significant level 0.05

Table No.(5\17)  
Correlation between the level of competitive capabilities and Establishment Culture

Spearman's rho	Analysis's	appropriate environment
establishments in the level of competitive capabilities	Correlation Coefficient	0.551
	Sig. (2-tailed)	0.000
	N	125

The critical r value at degrees of freedom equal 123 and significant level 0.05 is equal 0.174

H4: there is a significant relation between the establishments in the level of competitive capabilities and Managerial and Organizational Structure at significant level 0.05

To test the hypothesis we used a spearman test and the results in table No.(5\18) which illustrate that the spearman coefficient correlation equal 0.709 which is greater than the critical r value which is equal 0.174 at degrees of freedom"123" , which mean we fail to reject the hypothesis so there is a significant relation between the establishments in the level of competitive capabilities and Managerial and Organizational Structure at significant level 0.05

Table No.(5\18)

Correlation between the level of competitive capabilities and Managerial and Organizational Structure

Spearman's rho	Analysis's	Managerial and Organizational Structure
establishments in the level of competitive capabilities	Correlation Coefficient	0.709
	Sig. (2-tailed)	0.000
	N	125

The critical r value at degrees of freedom equal 123 and significant level 0.05 is equal 0.174

H5: there is a significant relation between the establishments in the level of competitive capabilities and Production Planning at significant level 0.05

To test the hypothesis we used a spearman test and the results in table No.(5\19) which illustrate that the spearman coefficient correlation equal 0.787 which is greater than the critical r value which is equal 0.174 at degrees of freedom"123" , which mean we fail to reject the hypothesis so there is a significant relation between the establishments in the level of competitive capabilities and Production Planning at significant level 0.05

Table No.(5\19)

Correlation between the level of competitive capabilities and Production Planning

Spearman's rho	Analysis's	Production Planning
establishments in the level of competitive capabilities	Correlation Coefficient	0.787
	Sig. (2-tailed)	0.000
	N	125

The critical r value at degrees of freedom equal 123 and significant level 0.05 is equal 0.174

H6: there is a significant relation between the establishments in the level of competitive capabilities and Human Resources at significant level 0.05

To test the hypothesis we used a spearman test and the results in table No.(5\20) which illustrate that the spearman coefficient correlation equal 0.786 which is greater than the critical r value which is equal 0.174 at degrees of freedom"123" , which mean we fail to reject the hypothesis so there is a significant relation between the establishments in the level of competitive capabilities and Human Resources at significant level 0.05



Table No.(5\20)  
Correlation between the level of competitive capabilities and Human Resources

Spearman's rho	Analysis's	Human Resources
establishments in the level of competitive capabilities	Correlation Coefficient	0.786
	Sig. (2-tailed)	0.000
	N	125

The critical r value at degrees of freedom equal 123 and significant level 0.05 is equal 0.174

H7: there is a significant relation between the establishments in the level of competitive capabilities and Technology at significant level 0.05

To test the hypothesis we used a spearman test and the results in table No.(5\21) which illustrate that the spearman coefficient correlation equal 0.626 which is greater than the critical r value which is equal 0.174 at degrees of freedom"123" , which mean we fail to reject the hypothesis so there is a significant relation between the establishments in the level of competitive capabilities and Technology at significant level 0.05

Table No.(5\21)  
Correlation between the level of competitive capabilities and Technology

Spearman's rho	analysis's	Technology
establishments in the level of competitive capabilities	Correlation Coefficient	0.626
	Sig. (2-tailed)	0.000
	N	125

The critical r value at degrees of freedom equal 123 and significant level 0.05 is equal 0.174

H8: there is a significant relation between the establishments in the level of competitive capabilities and Development and Innovation at significant level 0.05

To test the hypothesis we used a spearman test and the results in table No.(5\22) which illustrate that the spearman coefficient correlation equal 0.541 which is greater than the critical r value which is equal 0.174 at degrees of freedom"123" , which mean we fail to reject the hypothesis so there is a significant relation between the establishments in the level of competitive capabilities and Development and Innovation at significant level 0.05

Table No.(5\22)

Correlation between the level of competitive capabilities and Development and Innovation

Spearman's rho	Analysis's	Development and Innovation
establishments in the level of competitive capabilities	Correlation Coefficient	0.541
	Sig. (2-tailed)	0.000
	N	125

The critical r value at degrees of freedom equal 123 and significant level 0.05 is equal 0.174

H9: there is a significant relation between the establishments in the level of competitive capabilities and Product and Market Strategies at significant level 0.05

To test the hypothesis we used a spearman test and the results in table No.(5\23) which illustrate that the spearman coefficient correlation equal 0.758 which is greater than the critical r value which is equal 0.174 at degrees of freedom"123" , which mean we fail to reject the hypothesis so there is a significant relation between the establishments in the level of competitive capabilities and Product and Market Strategies at significant level 0.05

Table No.(5\23)

Correlation between the level of competitive capabilities and Product and Market Strategies

Spearman's rho	Analysis's	Product and Market Strategies
establishments in the level of competitive capabilities	Correlation Coefficient	0.758
	Sig. (2-tailed)	0.000
	N	125

The critical r value at degrees of freedom equal 123 and significant level 0.05 is equal 0.174

H10: there is a significant relation between the establishments in the level of competitive capabilities and Marketing Operations at significant level 0.05

To test the hypothesis we used a spearman test and the results in table No.(5\24) which illustrate that the spearman coefficient correlation equal 0.684 which is greater than the critical r value which is equal 0.174 at degrees of freedom"123" , which mean we fail to reject the hypothesis so there is a significant relation between the establishments in the level of competitive capabilities and Marketing Operations at significant level 0.05

Table No.(5\24)  
Correlation between the level of competitive capabilities and Marketing Operations

Spearman's rho	Analysis's	Marketing Operations
establishments in the level of competitive capabilities	Correlation Coefficient	0.684
	Sig. (2-tailed)	0.000
	N	125

The critical r value at degrees of freedom equal 123 and significant level 0.05 is equal 0.174

H11 there is a significant relation between the establishments in the level of competitive capabilities and International Management at significant level 0.05

To test the hypothesis we used a spearman test and the results in table No.(5\25) which illustrate that the spearman coefficient correlation equal 0.391 which is greater than the critical r value which is equal 0.174 at degrees of freedom"123" , which mean we fail to reject the hypothesis so there is a significant relation between the establishments in the level of competitive capabilities and International Management at significant level 0.05

Table No.(5\25)  
Correlation between the level of competitive capabilities and International Management

Spearman's rho	Analysis's	International Management
establishments in the level of competitive capabilities	Correlation Coefficient	0.391
	Sig. (2-tailed)	0.000
	N	125

The critical r value at degrees of freedom equal 123 and significant level 0.05 is equal 0.174

H12: there is a significant relation between the establishments in the level of competitive capabilities and Performance Appraisal at significant level 0.05

To test the hypothesis we used a spearman test and the results in table No.(5\26) which illustrate that the spearman coefficient correlation equal 0.804 which is greater than the critical r value which is equal 0.174 at degrees of freedom"123" , which mean we fail to reject the hypothesis so there is a significant relation between the establishments in the level of competitive capabilities and Performance Appraisal at significant level 0.05

Table No.(5\26)  
Correlation between the level of competitive capabilities and Performance Appraisal

Spearman's rho	analysis's	Performance Appraisal
establishments in the level of competitive capabilities	Correlation Coefficient	0.804
	Sig. (2-tailed)	0.000
	N	125

The critical r value at degrees of freedom equal 123 and significant level 0.05 is equal 0.174

#### 5.4.2 Second hypothesis:

There are statistical differences among establishments in the level of competitive capabilities attributed to industrial characteristics ( firm's size and geographical locations) The above hypotheses divides into two sub hypotheses as the following:

H1: There are statistical differences among establishments in the level of competitive capabilities due the firm's size

To test the above hypotheses we used the kruskal-wallis test since that, data are ordinal data and in these case we must use the nonparametric tests , and the results shown in table No. (5\27), which illustrated that the value of Chi-Square for the fields (Human Resources , Product and Market Strategies , and International Management) are less than the value of critical value of  $\chi^2 = 9.4877$  at degrees of freedom = "4", and the value of p-value are also greater than 0.05, which means there are no statistical differences among these fields due the firm's size.

Table No.(5\27) also illustrated that the value of Chi-Square for the remainder fields are greater than the value of critical value of  $\chi^2 = 9.4877$  at degrees of freedom = "4", and the value of p-value are also less than 0.05, which means there are a statistical differences among these fields due the firm's size.

And for general we see that the value Chi-Square for all fields together equal 16.337 which is greater than the value of critical value of  $\chi^2 = 9.4877$  at degrees of freedom = "4", and the value of p-value are also less than 0.05, which means that there are statistical differences among establishments in the level of competitive capabilities due the firm's size.

This result reveals that the differences were in favor of establishments with number 20-49 persons. It is logical that small business firms have limited capabilities due to the limited

resources of the business. However, the table (5\27) shows that firms with employees of more than 50 have low competitive capabilities and the reason is probably due to the lack of accuracy of the respondents firm's filling of the questionnaire and that may be due to the slow marketing procedures and the ineffective managerial atmosphere of the Gaza Strip due to the economic burgoos of the Israeli closures and suffocating sieges they indulge Gaza Strip establishments in.

Table No.(5\27)  
Kruskal-Wallis Test due to firm's size

No.	Field	Mean					Chi-Square	d.f	p-value
		Less than 4 employees	5-9 employees	10-19 employees	20-49 employees	50 employees or more			
1	Mission and vision	3.321	3.445	3.687	4.464	3.190	13.581	4	0.009
2	Customer Care	3.419	3.606	4.106	4.917	3.389	22.227	4	0.000
3	Establishment Culture	3.444	3.310	3.845	3.938	3.792	13.542	4	0.009
4	Managerial and Organizational Structure	3.329	3.525	3.667	4.208	3.417	10.329	4	0.035
5	Production Planning	3.160	3.498	3.605	4.250	3.483	15.880	4	0.003
6	Human Resources	3.181	3.310	3.458	3.727	3.318	4.807	4	0.308
7	Technology	1.829	2.377	2.063	2.917	1.444	18.494	4	0.001
8	Development and Innovation	1.838	2.472	2.071	2.417	1.750	22.480	4	0.000
9	Product and Market Strategies	3.167	3.349	3.611	3.625	3.361	9.451	4	0.051
10	Marketing Operations	3.196	3.559	3.802	3.667	2.667	17.703	4	0.001
11	International Management	2.870	2.870	2.629	2.100	2.433	7.856	4	0.097
12	Performance Appraisal	3.002	3.403	3.494	3.375	3.069	13.465	4	0.009
	All	3.052	3.305	3.440	3.741	3.057	16.337	4	0.003

The value of critical value of  $\chi^2 = 9.4877$  at degrees of freedom = "4"

H2: There are statistical differences among establishments in the level of competitive capabilities due to the geographical locations.

To test the above hypotheses we used the kruskal-wallis test since that, data are ordinal data and in these case we must use the nonparametric tests , and the results shown in table No. (5/28), which illustrated that the value of Chi-Square for the fields (Technology and Development and Innovation) are greater than the value of critical value of  $\chi^2 = 9.4877$  at degrees of freedom = "4", and the value of p-value are also less than 0.05, which means there are a statistical differences among these fields due the geographical locations.

Table No.(5\28) also illustrated that the value of Chi-Square for the remainder fields are less than the value of critical value of  $\chi^2 = 9.4877$  at degrees of freedom = "4", and the value of p-value are also greater than 0.05, which means there are no statistical differences among these fields due the geographical locations.

And for general we see that the value Chi-Square for all fields together equal 2.352 which is less than the value of critical value of  $\chi^2 = 9.4877$  at degrees of freedom = "4", and the value of p-value are also greater than 0.05, which means that there are statistical differences among establishments in the level of competitive capabilities due the geographical locations.

Table No.(5\28)  
Kruskal-Wallis Test due to geographical locations

No.	Field	Mean					Chi-Square	d.f	P-value
		Rafah	Khan Younis	Deir Elbalah	Gaza	North of Gaza			
1	Mission and vision	3.5899	3.5842	3.2727	3.2313	3.5286	9.243	4	0.055
2	Customer Care	3.6458	3.8086	3.5960	3.5132	3.3556	5.367	4	0.252
3	Establishment Culture	3.4306	3.6528	3.1818	3.4643	3.4000	7.970	4	0.093
4	Managerial and Organizational Structure	3.3426	3.4907	3.7727	3.4365	3.4000	4.855	4	0.302
5	Production Planning	3.3833	3.3852	3.6364	3.3434	3.5000	2.396	4	0.663
6	Human Resources	3.3414	3.2838	3.3636	3.2789	3.3091	394.	4	0.983
7	Technology	2.3333	1.8951	2.4242	1.9444	2.6667	11.845	4	0.019
8	Development and Innovation	2.4630	1.9815	2.3939	1.9286	2.6167	14.283	4	0.006
9	Product and Market Strategies	3.3611	3.3704	3.3106	3.3095	3.3167	755.	4	0.944
10	Marketing Operations	3.4167	3.4228	3.7879	3.1984	3.3667	6.920	4	0.140
11	International Management	2.9222	2.6185	3.1182	2.8762	2.5000	7.893	4	0.096
12	Performance Appraisal	3.2130	3.1890	3.5424	3.1587	3.4833	6.970	4	0.137
	All	3.2691	3.2301	3.3684	3.1409	3.2753	2.352	4	0.671

The value of critical value of  $\chi^2 = 9.4877$  at degrees of freedom = "4"

## 5.5 Conclusion

This chapter presented the analysis of the study sample consisting of food establishments. The scientific study tried to shed light on the competitive capabilities of the food and beverage industries in the Gaza Strip, and to identify constraints and obstacles facing strengthening and enhancing such capabilities, and thus attempted to reach some of the solutions that may assist in the enhancement of these capabilities level and raise performance efficiency and increased competitiveness, and to know the paths leading to the promotion and development of the Palestinian quality of food establishments capabilities, through the development of programs and strategic policies, and appropriate strategies to overcome the problems of this industry and work to develop the concepts of competitive capabilities.

## Chapter Six

# Conclusion and Recommendations

- *Introduction .*
- *Conclusions .*
- *Recommendations .*
- *Recommendations to future studies .*



## **6.1 Introduction**

Being the final chapter in this dissertation, chapter seven will try to outline the research conclusions, recommendations to food industries sector and those who may concern. In addition to recommendations to the Palestinian National Authority and finally recommendations to future researchers will be outlined.

## **6.2 Conclusions**

The outcome of the study showed that there are satisfactory results in certain fields of competitive capabilities, while in others such as the field of technology, research and innovation, international management and human resources, they need to be focused and reevaluated. So, the study recommended certain issues in order to be taken into consideration in these respects.

The hypotheses results showed that there the average mean for the whole fields equal (3.25) and the weight mean equal (64.97%) which means the respondent of the sample agrees that The level of competitive capability at Gaza's food industries sector is influenced by the twelve competitive indicators.

In addition the results showed that there are statistical differences among establishments in the level of competitive capabilities due the firm's size. Also, it showed that there are statistical differences among establishments in the level of competitive capabilities due the geographical locations.

## **6.3 Recommendations**

The field study in addition to the theoretical and previous studies proved that food industries sector is weak in certain fields in regard to its competitive capabilities and strong in another. So, the researcher will present some recommendations for various fields as follows:

No one can deny that there is an urgent need to build a real competitive capabilities through effective management and this is a strategic initiative for many firms. Literature review and theoretical section in addition to the field study of this research have noted the lack of effective initiatives in this regard. Unfortunately, most initiatives in reality have been information projects that result in only the consolidation of data and do not work on building,

enhancing and reinforcing competitive capabilities. In order to initiate effective work on this field, firms must focus on the following fields:

### **1. General Recommendations:**

- Considering the results of the research and try to work on them; to strengthen the weaknesses and enhance the strengths.
- Identifying their competitive capabilities that they represent within their organization through adequate measurement of these competitive capabilities such as outsourcing experts or using standard performance assessment.
- Connecting their capabilities to business efficiency and move towards a sustained competitive advantage.

### **2. Recommendations for food establishment managers/owners:**

- In the field of Mission and Vision:
  1. Food establishments need to involve employees and workers in formulating and implementing establishment's policies and strategies.
  2. They also need to create the coordination between the whole divisions and the high management in formulating the mission and vision.
  3. They need finally to broaden their minds for such concepts and strategic items to be authentically implemented in order to achieve goals and objectives of success and competing establishments.
- In the field of customer care:
  1. Food establishments need to work on the satisfaction of customers' needs since it is an important concern broadly shared within the competitors' firms.
  2. They have to work on the domain of expecting and predicting their customers needs and work as fast as they can to satisfy these needs and this can be achieved through conducting field surveys and studies for their desires in the market.

- In the field of managerial and organizational structure:
  1. Food establishments are to be well acquainted with the structure and systems of the effective firm, since this what helps management to steer the firm in the desired direction.
  2. The structure of the establishment needs to cope with the nature of its work and does not exhaust it.
  3. There must be periodical plans to modify the managerial and organizational structure in the establishment strategies.
  
- In the field of production planning:
  1. Paying much concern to the inventory system to be more effective and to help in enhancing the production proficiency.
  2. Maximizing the working hours of units machines and even not only to maximize their benefits but also to work on saving experts for such machines maintained to arrive the level of independence from the Israeli side that controls their working hours if they broke down.
  
- In the field of human resources
  1. These fixed assets, working hands, need to be updated and trained periodically. There must be first greater coordination between the division and the personnel department when selecting or employing a new worker.
  2. There must be greater consideration to the concepts of human enthusiasm and job satisfaction and this can be achieved by job rotation, incentives, motivations, reward or even by training courses or traveling workshops.
  3. In addition the establishments have to work on saving some advantages to their workers such as transportation, meals and other incentives.
  
- In the field of technology:
  1. Food establishments need to work on adapting the technological systems as a fixed asset to their firms and this can be achieved by allocating more financial resources for this field.

2. The establishments need to be highly concerned about what new inventions and updating are in the field of technology and programming software.
3. They also need to computerize their systems and operations to improve the speed and effectiveness of the establishments' processes and operations.

□ In the field of development and innovation:

1. Firms need to adopt the concepts of development and innovation since it is the only way to create and be distinguished.
2. There must be great interests and genuine intention in the management culture and ideology to adopt these concepts since they are creative and beneficial to their productivity.
3. There must be a kind of parallel or harmony between services technology and markets needs based on pilot surveys in the field.
4. Also, the employees need to be involved in creating and innovating different views in the production process.

□ In the field of product and marketing strategies:

1. Food establishments need to reconsider the concept of employees involvement from all managerial levels in such issues of formulating or even discussing strategies.
2. All the divisions and departments of the establishment should share and take part in such discussions since they have a role and they can add. This builds a strong loyal team from the workers and employees of the firm.

□ In the field of marketing Operations:

1. Food establishments need to work hard on competing effectively in the domestic market through building a genuine competitive capability of marketing operations and tactics based on real assessment of the environment of the industry.
2. They need to enhance the pilot surveys and studies that measure the progress of their marketing operations.
3. They also need to work on the domain of the international markets since they have the capability to work on having chances and working on those markets after satisfying the local and domestic markets.

- In the field of the international management:
  1. Food establishments need to work locally and think globally if they are after growth and prosperity.
  2. They need to think of this competitive capability with a high awareness and concern and this can be achieved by having attempts to work regionally and even internationally.
  3. Setting up communication channels with some outside establishments to build partnerships. There must be a sort of exporting to the outside markets.
  
- In the field of performance appraisal:
  1. Providing experts in all aspects and fields of the firm i.e. experts of machines maintenance, nutrition, assessments and financial issues.
  2. Providing an automatic monitoring system. Employees should be involved in the process of establishment performance evaluation.

These recommendations are to construct genuine competitive capabilities within an organization to improve business value. In addition to that, each of these recommendations have provided valuable steps toward understanding the nature of competitive capability within an organization, they identified separate capabilities that may be applicable to work on and enhance them. The recommendations of this research are to develop and validate a set of competitive capability area measures that accurately capture a firm's ability and status. For this purpose, the researcher provides a set of practical steps to the initial validation of reviewing the composition of a firm's capability structure.

#### **6.4 Recommendations to future studies**

This research presented a comprehensive evaluation for the competitive capabilities that need to be studied and discussed based on the results of this research. Based on the last fact, it is recommended that a future study similar in nature and scope should be carried out on various industrial sectors. The aim of such a study is to involve participants in a larger general population from the Palestinian industrial sectors. I do suggest that a study about the relationship between these twelve indicators and their effect on the level of competitive capabilities. It is also recommended that future studies similar in nature and scope to this one should be carried out to analyze the support activities of the competitive advantage.

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# Appendices

- *Appendix I.*
- *Appendix II.*

## Appendix I

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Islamic University – Gaza  
Deanery of Graduate Studies  
Faculty of Commerce  
Business Administration Department



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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Islamic University – Gaza  
Deanery of Graduate Studies  
Faculty of Commerce  
Business Administration Department



### **A questionnaire**

To measure the level of competitive capabilities of the food industries sector in the Gaza Strip

The aim of this questionnaire is to measure the competitiveness of the food industries sector in the Gaza Strip, this study is conducted in order to complete study of a message Masters Graduate Program in the Department of Business Administration Islamic University.

I hope you pay the reading the paragraphs of this questionnaire a carefully and objectively attention, and responding to the questionnaire items by placing (X) to answer that reflect your view.

Your cooperation will be a reason for the success of this research and development of the competitiveness of the sector which is one of the important sectors of the Palestinian economy, namely the food industries sector, note that the information contained in this questionnaire are for the purposes of scientific research only.

my sincere greetings and profound thanks

First part: Information about the Establishment

Please put (X) in the box of your choice

4- Age of the Establishment

Less than 3 years  Between 3-6  More than 6 years

5- Location of the establishment

Rafah  Khanyounis  Dier Al-Balah  Gaza  North Gaza

6- Number of worker in the Establishment

50- and more  49-20  19-10  9-5  4-0

7- The legal form of the Establishment

individual  Partnership  shareholding

## Questionnaire Itmes

### Vision and Mission

items	hingly agree	agree	quitey agree	disagree	highly disagree
.well There is a clear vision for the establishment. All the workers know it					
is a clear mission for the establishment and all the employees and There. .know it well workers					
is coordination between the whole diviosns and the high management in There. fomaulating a mission and vision					
establishment has objectives, goals and long and short term plans, all of us The .know it					
are involved in formulating the establishment policies Employees and workers and strategies					
mission are appropriate to the nature our establishment work. It's not Vision and .fictional					
mission are appropriate to the establishment budgets and financial Vision and status					

### Customer Care

Items	highly agree	agree	quitey agree	disagree	highly disagree
market We totally know (size, desires, kind) of our customers in the					
Our customers and satisfied with our goods					
Our goods are delivered to our customers in the specified time					
We intorduce our services and products faster then competitors					
.We have the ability to expect and respond to our customers needs					
There are pilot surveys in regard to customers satisfaction					
nature and content of the product is determined after a field study to the The . customers needs and tastes					
services Our customers are satisfied with the quality of our products and					
performance appraisals and takes feedback Our establishment always makes . in case of work failures					

## Establishment Culture

Items	highly agree	agree	quite agree	disagree	highly disagree
is aware of what is happening in the domestic and international markets					
management has a positive thinking in regard to the "organizations learning"					
Our establishment management believes in democracy and group work					
delegation The high level management believes in decentralization and authority					

## Managerial and Organizational Structure

Items	highly agree	agree	quite agree	disagree	highly disagree
is organized to maximize efficiency and minimize work duplication					
establishment structure cope with the nature of its work and doesn't exhaust					
establishment There are documented managerial records and reports in the					
It's easy to know who is the responsible when something wrong happen					
modify the managerial and organizational structure in the establishment					
establishment personnels satisfaction on the efficiency of the high structure is					



## Production planning

Items	highly agree	agree	quitely agree	disagree	highly disagree
plans for the whole establishemnt and There are seasonal production for each division in seprate					
periodical changes on the design and methods of production There are processes					
capability in all our division to satisfy the markets and We have the production customers needs					
Machines used in production fulfill their tasks as designed					
Machines maintanence is held periodically and by experts					
We produce the demanded amounts with the required quality					
Our establishemnt pays bills at time					
effeciency Inventory system is effective and helps in enhancing the production					
There is a detailed budget to expenses and production planning					
Accounts payable and recievable are settled at their time					
evaluating credit and banking risks and minimizing Our establishemnt is successful in the ratio of wasted debts					
idle time Our establishment works of reducing production expenses and machines					
products wastes and to a cheive a the establishment works of reducing Our high quality					

## Human resources

Items	highly agree	agree	quitely agree	disagree	highly disagree
well organized system of recruitment and selection The establishment has a to work leads to a qualified staff					
and the personnel department when There is coordination between the division . selecting or employing					
There are orientation and guidance programs for the new workers					
continuous training programs to imporve employees and workers There are competances					
There are practical material for training available to trainees.					
Practical training suits your job specifications .					
Trainers are highly qualified and effective .					
compensation system goes with workers desire and attract There is an effective qualified workers					
There is a highly job satisfaction and enthusiasm to work					
establishemnt There are accident, robbery, health, fire insurance in the					
advantages to its workers such as transportatin, meals The establishemnt saves , incentives					

## Technology

Items	highly agree	agree	quitely agree	disagree	highly disagree
communication The establishment uses a highly technological system of					
concerned about what is new in the programming fields The establishment is that may imporve					
are used to improve speed and effectiveness of the establishment Computers affairs					
the managerial, accounting, There is a computerized program covers all production and inventroy processes					

## Development and Innovation

Items	highly agree	agree	quitely agree	disagree	hgihly disagree
attention from the management toward research and development There is great innovate to					
creativity in research and development methods inside the There are . establishment					
technology and markets needs There is a great harmony between services based on pilot surveys in the field					
in creating and innovating different views in the Employees are involved. production process					
is a healthy invironment suitable to creativity, development and There . innovation					
in the benefits of development and innovation to the Top Management believes . establishment					

## Product and Markets Strategies

Items	highly agree	agree	quitely agree	disagree	highly disagree
clear strategies for the product and market and all workers are There are . familiar with					
We observe carefully the competitors makets and products strategies					
marketing Sales persons posses the capabilites and skills of selling and .					
There are regular sitting to discuss strategies					
from all levels and division are involved in Workers and employees . discussions of strategies					
products strategies assures our products line that dominate Our markets and the markets					

## Marketing Operations

Items	highly agree	agree	quite agree	disagree	highly disagree
international We are able to compete in the domestic markets better than the .					
We are able to compete in the international markets .					
tools of adverting and publicity such as T.V., Raido, and We use the newest . salespersons					
We overcome our competitors by improving our quality management .					
competitors by diversifying our products and introducing We overcome our . new products					
surveys and studies that measure the progress of the marketing There are pilot operations					

## International Management

Items	highly agree	agree	quite agree	disagree	hingly disagree
with high awareness in regard to Top management is concerned and . international work significance					
outside Gaza There are attempts to open international representative offices					
communication channels with some outside establishments to build There are . partnerships					
Our establishment exports outside Gaza					
Our establishment imports from outside countries					

## Performance appraisal

Items	highly agree	agree	quite agree	disagree	highly disagree
evaluated by experts and spcialized organizations in Our establishment is performance appraisal					
models There is an authentic applying to the total quality management					
Our products are examined and tested before distribution .					
certificates Our establishment achieved domestic and international quality .					
We have nutrition socialist .					
material needed for production is available with the demanded amount and Raw. time					
coordination and cooperation between the various divisions and There are . units industrial					
objectives Our establishment achieve the targeted goals, policies and .					
and employees are involved in the process of assessment and Workers . evaluation					

## Appendix II

Table No.( 4\6)

Spearman correlation between the each item of (Mission and vision) and the whole field

Mission and vision		Spearman correlation	p-value
5	There is a clear vision for the establishment. All the workers know it well.	0.488	0.006
6	There is a clear mission for the establishment and all the employees and workers know it well.	0.652	0.000
7	There is coordination between the whole divisions and the high management in formulating a mission and vision	0.629	0.000
8	The establishment has objectives, goals and long and short term plans, all of us know it.	0.399	0.029
9	Employees and workers are involved in formulating the establishment policies and strategies	0.601	0.000
10	Vision and mission are appropriate to the nature our establishment work. It's not fictional.	0.486	0.006
11	Vision and mission are appropriate to the establishment budgets and financial status	0.379	0.039

Table No.(4\7)

Spearman correlation between the each item of (Customer Care) and the whole field

Customer Care		Spearman correlation	p-value
12	We totally know (size, desires, kind) of our customers in the market	0.382	0.037
13	Our customers are satisfied with our goods	0.408	0.025
14	Our goods are delivered to our customers in the specified time	0.539	0.002
15	We introduce our services and products faster then competitors	0.659	0.000
16	We have the ability to expect and respond to our customers needs.	0.471	0.010
17	There are pilot surveys in regard to customers satisfaction	0.452	0.012
18	The nature and content of the product is determined after a field study to the customers needs and tastes	0.489	0.006
19	Our customers are satisfied with the quality of our products and services	0.588	0.001
20	Our establishment always makes performance appraisals and takes feedback in case of work failures	0.473	0.008

Table No.(4\8)

Spearman correlation between the each item of (Establishment Culture ) and the whole field

Establishment Culture		Spearman correlation	p-value
21	Our establishment is aware of what is happening in the domestic and international markets	0.456	0.011
22	Our establishment management has a positive thinking in regard to the" learning organizations"	0.491	0.006
23	Our establishment management believes in democracy and group work	0.429	0.018
24	The high level management believes in decentralization and authority delegation	0.462	0.010

Table No.(4\9)

Spearman correlation between the each item of (Managerial and Organizational Structure) and the whole field

Managerial and Organizational Structure		Spearman correlation	p-value
25	The structure of the establishment is organized to maximize efficiency and minimize work duplication	0.634	0.000
26	The establishment structure cope with the nature of its work and doesn't exhaust it	0.561	0.001
27	There are documented managerial records and reports in the establishment	0.554	0.001
28	It's easy to know who is the responsible when something wrong happen	0.528	0.003
29	There are plans to modify the managerial and organizational structure in the establishment	0.398	0.029
30	The level of the establishment personnel's satisfaction on the efficiency of the structure is high	0.683	0.000

Table No.(4\10)

Spearman correlation between the each item of (Production Planning) and the whole field

Production Planning		Spearman correlation	p-value
31	There are seasonal production plans for the whole establishment and for each division in separate	0.610	0.000
32	There are periodical changes on the design and methods of production processes	0.634	0.000
33	We have the production capability in all our division to satisfy the markets and customers needs	0.571	0.001
34	Machines used in production fulfill their tasks as designed	0.499	0.005
35	Machines maintenance is held periodically and by experts	0.408	0.025
36	We produce the demanded amounts with the required quality	0.539	0.002

37	Inventory system is effective and helps in enhancing the production efficiency	0.617	0.000
38	There is a detailed budget to expenses and production planning	0.478	0.008
39	Our establishment works on reducing production expenses and machines idle time	0.457	0.011
40	Our establishment works on reducing the products wastes and to achieve a high quality	0.609	0.000

Table No.(4\11)  
Spearman correlation between the each item of (Human Resources) and the whole field

Human Resources		Spearman correlation	p-value
41	The establishment has a well organized system of recruitment and selection leads to a qualified staff to work	0.414	0.023
42	There is coordination between the division and the personnel department when selecting or employing .	0.482	0.007
43	There are orientation and guidance programs for the new workers	0.561	0.001
44	There are continuous training programs to improve employees and workers competences	0.747	0.000
45	There are practical material for training available to trainees	0.498	0.005
46	Practical training suits your job specifications	0.615	0.000
47	Trainers are highly qualified and effective	0.520	0.003
48	There is an effective compensation system goes with workers desire and attract qualified workers	0.424	0.022
49	There is a highly job satisfaction and enthusiasm to work	0.717	0.000
50	There are accident, robbery, health, fire insurance in the establishment	0.024	0.411
51	The establishment saves advantages to its workers such as transportation, meals , incentives	0.041	0.375

Table No.(4\12)  
Spearman correlation between the each item of (Technology) and the whole field

Technology		Spearman correlation	p-value
52	The establishment uses a highly technological system of communication	0.526	0.003
53	The establishment is concerned about what is new in the programming fields that may be improved	0.614	0.000
54	Computers are used to improve speed and effectiveness of the establishment affairs	0.396	0.030

Table No.(4\13)

Spearman correlation between the each item of (Development and Innovation) and the whole field

Development and Innovation		Spearman correlation	p-value
55	There is great attention from the management toward research and development to innovate	0.569	0.001
56	There is creativity in research and development methods inside the establishment	0.498	0.005
57	There is a great harmony between services technology and markets needs based on pilot surveys in the field	0.545	0.002
58	Employees are involved in creating and innovating different views in the production process	0.419	0.021
59	There is a healthy environment suitable to creativity, development and innovation	0.413	0.023
60	Top Management believes in the benefits of development and innovation to the establishment	0.596	0.001

Table No.(4\14)

Spearman correlation between the each item of (Product and Market Strategies) and the whole field

Product and Market Strategies		Spearman correlation	p-value
61	There are clear strategies for the product and market and all workers are familiar with	0.544	0.002
62	We observe carefully the competitors markets and products strategies	0.395	0.031
63	Sales persons posses the capabilities and skills of selling and marketing	0.615	0.000
64	There are regular sitting to discuss strategies	0.504	0.004
65	Workers and employees from all levels and division are involved in discussions of strategies	0.430	0.018
66	Our markets and products strategies assures our products line that dominate the markets	0.754	0.000

Table No.(4.15)

Spearman correlation between the each item of (Marketing Operations) and the whole field

Marketing Operations		Spearman correlation	p-value
67	We are able to compete in the domestic markets better than the international	0.548	0.002
68	We are able to compete in the international markets	0.406	0.026
69	We use the newest tools of advertising and publicity such as T.V, Radio, and salespersons	0.439	0.015

70	We overcome our competitors by improving our quality management	0.470	0.009
71	We overcome our competitors by diversifying our products and introducing new products	0.742	0.000
72	There are pilot surveys and studies that measure the progress of the marketing operations	0.393	0.031

Table No.(4.16)  
Spearman correlation between the each item of (International Management) and the whole field

International Management		Spearman correlation	p-value
73	Top management is concerned and with high awareness in regard to international work significance	0.547	0.002
74	There are attempts to open international representative offices outside Gaza	0.593	0.001
75	There are communication channels with some outside establishments to build partnerships	0.363	0.049
76	Our establishment exports outside Gaza	0.674	0.000
77	Our establishment imports from outside countries	0.405	0.026

Table No.(4\17)  
Spearman correlation between the each item of (Performance Appraisal) and the whole field

Performance Appraisal		Spearman correlation	p-value
78	Our establishment is evaluated by experts and specialized organizations in performance appraisal	0.509	0.004
79	There is an authentic applying to the total quality management models	0.636	0.000
80	Our products are examined and tested before distribution	0.452	0.012
81	Our establishment achieved domestic and international quality certificates	0.480	0.007
82	We have nutrition specialist	0.486	0.006
83	There are coordination and cooperation between the various divisions and industrial units	0.784	0.000
84	We have an automatic monitoring system	0.760	0.000
85	Employees are involved in the establishment performance evaluation.	0.405	0.026
86	We have a before product preventative monitoring	0.530	0.003
87	We have a system of the periodical reports of controlling	0.790	0.000
88	Our establishment achieve the targeted goals, policies and objectives	0.744	0.000
89	Workers and employees are involved in the process of assessment and evaluation	0.548	0.002