

THE IMPACT OF ECONOMIC INDICATORS ON FOOD SUPPLY CHAIN OF PALESTINE

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ABSTRACT

Food supply chain has become a crucial segment of every economy, especially after the COVID-19. Lockdown was imposed in Palestine which is why it was very hard to maintain the food supply chain from forms to end-users. Pandemic disturbs every economy but developing economies like Palestine were more vulnerable. Although, Palestine authorities did their best by adopting best economic practices still various indicators impact the food supply chain. The aim of this article is empirically finding out the impact of economic indicators on the food supply chain. This is a quantitative study and the questionnaire was adopted from well-reputed studies. The data was collected by convenience sampling and analyzed by structuring equation modeling through Smart PLS. The finding of this study revealed that the inflation rate is negatively affecting the performance of the food supply chain although economic indicators are not significantly impacting. This study has unique findings it has been found that HDI is positively and significantly affecting the food supply chain and HDI is also positively and significantly affecting the GDP but GDP is also positively impacting the food supply chain but not significantly. This may be because of the emerging countries that heavily rely on external support and has less industrialization. This study help managers to understand that inflation is very bad for the food supply chain so they must take care of the inflation rate while decision making. This study helps government to take necessary measures regarding interest rate and inflation rates.

Keywords: Economic Indicators, Supply Chain, Food Industry.

INTRODUCTION

A business can differentiate its products and services based on a range of different factors such as price, quality, convenience and service. But differentiating by offering environmentally beneficial products i.e technology is not only a different game but a game changer as well. This study is about to examine the performance of supply chain companies or firms in Palestine through task-technology fit, in which it explores the impact of information system compatibility, information technology and technology innovativeness on performance (Sinaga et al., 2018). The research supports the concept that more consideration should be given to supply chains processes. In order to get better profit on investment, managers should focus on assigning the resources toward information technologies so that they support performance. Which helps the firm to increase its overall performance. Utilization of the new raw material or goods will be less import. Proper supply chains helps in to decrease carbon foot print which helps in environmental sustainability. Thus new a department enclosure will be creating new investments and employment opportunities such as more and skilled can be employed in order to benefit from their expertise. This research is helpful to create awareness amongst the supply chaining firm and motivate them to convert their normal supply chains into effective supply chains (Hakimah et al.,

2019). This is because the awareness about recycling and supply chains and been already created but now its time for the implementation and bring it into action phase.

LITERATURE REVIEW

Internal lean practices square measure the activities of eliminating waste like price and time within the supply chaining system (Göransson, 2019). The term lean is pertaining to a system that uses less input to supply at a mass-production speed and at constant time be ready to provide additional selection to the tip customers (Silpcharu & Thaisom, 2020). Ranking manager features a better understanding of provide chain management's want as a results of they're the foremost necessary those that will acknowledge the firm's strategic imperatives to remain competitive within the market place. Open sharing of knowledge like inventory levels, forecasts, marketing ways, and selling ways reduces the uncertainty between provide partners and results in increased performance (Bai, 2011). It conjointly provides some general outlook on the auto business in Asian country. The aim is to provide the reader with a fast image of the study. Within subsequent chapter, past researchers' studies are getting to be mentioned to identify a theoretical framework and potential hypotheses for this research (Aung & Chang, 2014).

Food Supply Chain

The food processing industry is considered one of the oldest industries in Palestine. In its early days, the industry was limited to producing fewer processed foods and sweets. In addition, the sector has created job opportunities in the domestic market (Word Food Program, 2020). According to the Palestine Food Industries Union, the most important food processing industries in the West Bank are related to the agricultural products targeted for this purpose: canned vegetables and fruits (Gunasekaran et al., 2001; Shahbaz et al., 2020b). In Palestine, there are only few specialized industries that produce canned vegetables and fruits, and currently employ humdereds of workers. Investment in the industry is estimated at millions, and these products make up 20% of the total market capitalization. In addition, it contributes majorly in the total exports (Akhtar, 2013). There are nine industries operating in the industry, employing many workers. Investment in the industry is in millions, and these products make up 30% of the market (Singh, 2018) pasta and vermicelli (Prakash et al., 2017).

Economic Indicators

The food industry is an industry that has been operating for centuries. It has recently grown rapidly and is considered an important factor in economic growth in various countries (Jahan, 2016). It is clear that China is leading the export (Amuda, 2020). However, as research has focused on the Palestine food industry, food supply chain is ranked highle in the world in terms of foreign exchange (Qureshi et al., 2020). Therefore, the current study focuses on these factors to assess the effect of economic indicators on commercial performance in the food industry in Indonesia (European Environment Agency (EEA), 2019). Therefore, the purpose of the present study is to examine the role of economic indicators in the performance of the sale of goods. Some purposes are given how economic indicators work in real estate operations (World Bank, 2017).

Palestinian Economy

The Palestinian Department of Agriculture does not pay much attention to the search for and support of emerging science related to agricultural production and agricultural technology,"he said. "The department relies on donors to the international community, who are unable to meet the needs of the sector, and who are disabled for work, restricting access, mobility and resources (Noorit et al., 2020). Meanwhile, tight controls control the use, and Palestinians are barred from digging new sources, according to a report from the Center for Economic Policy Research (CEPR) (Yadav et al., 2011). Assistance to 426,000 of the most vulnerable non-refugees via in-kind food rations and electronic food vouchers. Assisted communities can redeem (Hakimah et al., 2019). Most of these newly maintaining peace and stability, and stimulates the local economy (Hossein Nikou & Selamat, 2013). WFP registered beneficiaries (99 percent) reside in the West Bank also works with national institutions to enhance the capacity of existing where the impact of job loss linked to anti-COVID-19 closures and social safety nets to assist the poor and vulnerable (Pgri et al., 2020).

Research Framework and Hypothesis

Based on above literature and challenges that Palestine food industry faced this study proposed that due to current pandemic there is need to know that how much this pandemic impact the food supply chain especially in term of economic indicators. Below research framework has been adopted and hypothesis were drafted that is being tested in this study.

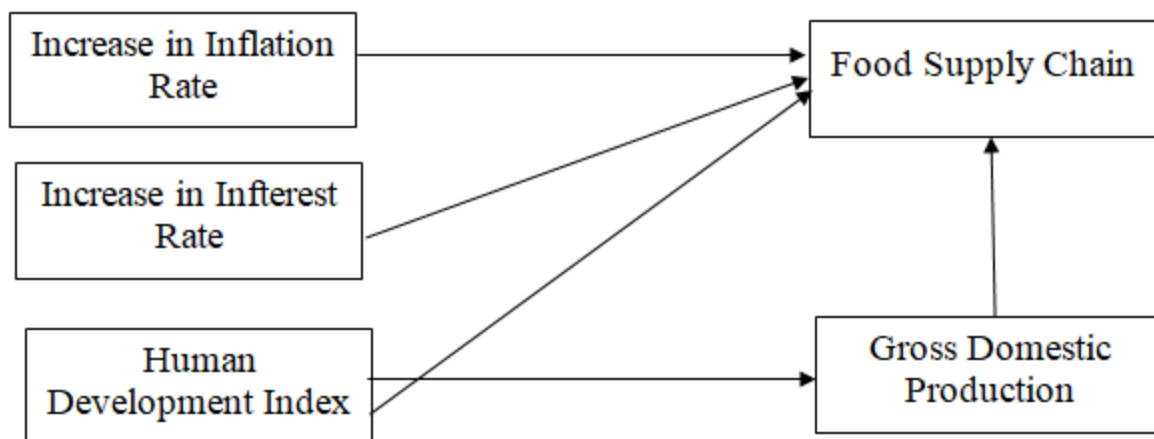


FIGURE 1
RESEARCH FRAMEWORK

Inflation brings the acquisition and sale of products and services between a buyer and a seller who features a significant relationship with the acquisition of products and services. Inflation reduces purchasing power (World Economic Forum, 2010). Because the land industry is essentially supported the transfer of products and services, it therefore features a significant impact on inflation. Inflation raises prices that negatively affect purchasing power (Jahan, 2016). A model of underlying assets is shown in Figure 1. Therefore, it's proposed under hypothesis (Olson & Wu, 2011). These money establishments' area unit consultants in managing the money development of 44.4 million folks (Hakimah et al., 2019). However, political influence will

interfere with money matters (Göransson, 2019). Therefore, it's to the client's advantage to permit the installment from the supplier to expire (Singh, 2018).

The Human Development Index (HDI) is one among the integrated indicators of life time, individual income and education with various indicators went to place different countries within the four stages of human development (Jahan, 2016). The country gets a better HDI where the extent of education is above others, anticipation is higher and GDP per capita is high. HDI is one among the key development indicators with a robust relationship to GDP and procurement performance in various firms (Word Food Program, 2020). Therefore, the ideas below are recommended.

H₁ Increase in inflation rate negatively impact the food supply chain of Palestine.

H₂ Increase in interest rate negatively impact the food supply chain of Palestine.

H₃ Increases in HDI positively impact the food supply chain Palestine.

H₄ Increases in HDI positively impact the GDP of Palestine.

H₅ Increases in GDP positively impact the food supply chain of Palestine.

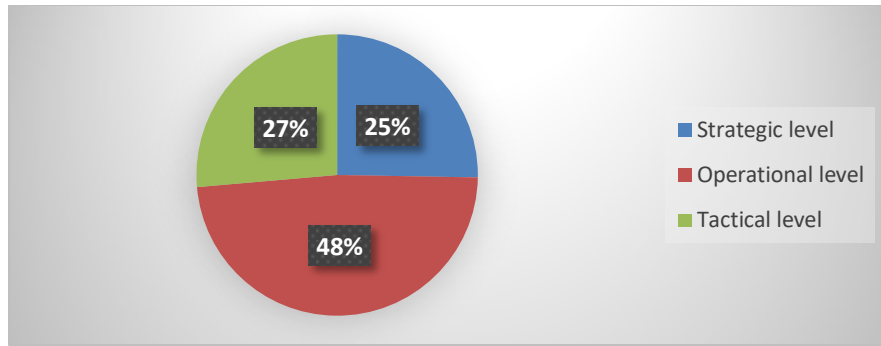
H₆ GDP mediates the relationship between HDI and supply chain of Palestine.

RESEARCH METHODOLOGY

In this quantitative study, the researcher performed descriptive statistics and analyzes the frequency of regular reporting and quantity variability associated with human data. Social Sciences Scientific Package (SPSS). The relationship between visible and hidden variables is expressed through uploads that inform researchers about the level of a given indicator that can measure variables or functions as active coefficients (Shahbaz et al., 2020a). In addition, the Confirmatory feature analysis in the Statistical Package of Social Sciences (SPSS) is prepared and validated by the rating model. In this research project, a pilot test is performed prior to actual research. Pilot testing serves as a tool to help the researcher identify problems and make necessary adjustments. Key data is collected through a questionnaire and will be processed via SPSS. Final data analysis were made by structuring equation modeling through Smart PLS. It starts with analytical methods from query developing to data analysis method. The questionnaire was a survey tool of the data collection, it was developed on the basis of a five-point Likert scale where response ranges from minimum value 1=Strongly Disagree to maximum value 5= Strongly Agree.

RESULTS AND DISCUSSION

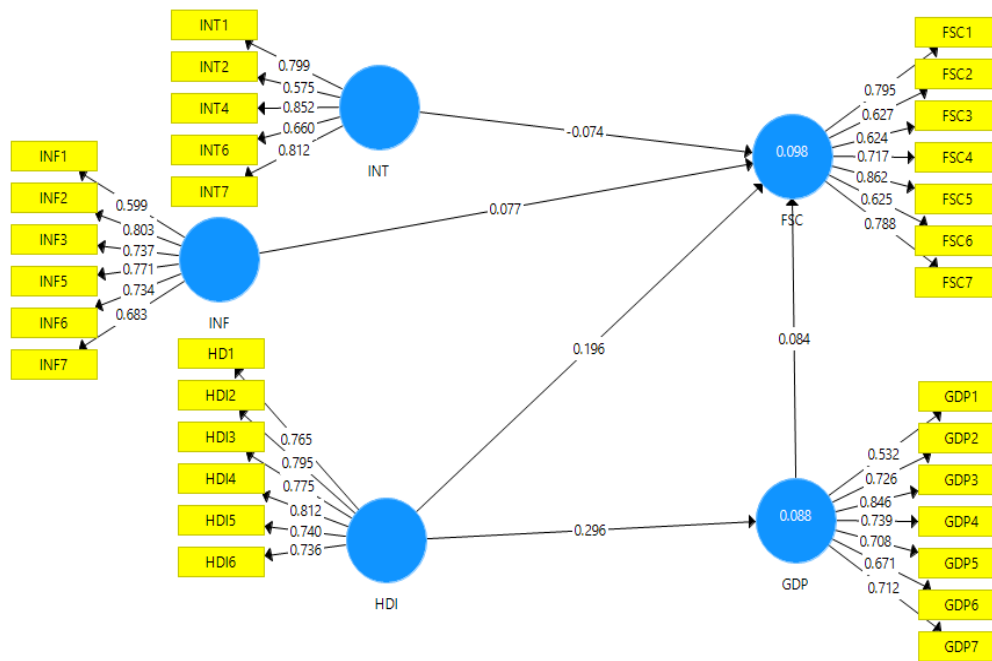
According to Hair et al. (2019), descriptive statistics include graphical and numerical procedures that are used to summarize and process data and transform data into information. In this research study, it is used to analyze the demographic and general data. The results of a descriptive analysis can be presented using a table in the form of a bar chart. In this research project, the descriptive analysis is used to analyze the respondent's demographic information (Figure 2).



**FIGURE 2
MANAGERIAL LEVEL OF RESPONDENTS**

First step was data screening. This study has checked missing values, normality, cooraniality, outliers. All the nessary measurement has been taken to clean the data before the final analysis. Secondly, below are the realiability and validity analysis (Table 1).

	Cronbach's Alpha	Composite Reliability	AVF
FSC	0.862	0.884	0.526
GDP	0.835	0.875	0.504
HD	0.867	0.898	0.595
INF	0.822	0.868	0.524
INT	0.816	0.861	0.558



**FIGURE 3
MEASUREMENT MODEL**

Table 2
DISCRIMINANT VALIDITY

	FSC	GDP	HDI	INF	INT
FSC	0.725				
GDP	0.172	0.710			
HDI	0.281	0.296	0.771		
INF	0.186	0.228	0.364	0.724	
INT	-0.191	-0.178	-0.425	-0.247	0.747

This study has checked reliability and validity of the data. Table 1, Table 2 and Figure 3 show that all the values are meeting the threshold limit. Thus, it can be concluded that the instrument is valid and reliable. The range of mean value is 3.2114 to 3.7543 which shows that the response of the respondents to the questionnaire is more towards being neutral and more towards agrees. The standards deviation value above shows the deviation of response from means and value ranges from 0.74135 to 1.02596 which indicates that respondents have possessed the difference of opinion on the questions in the survey tool.

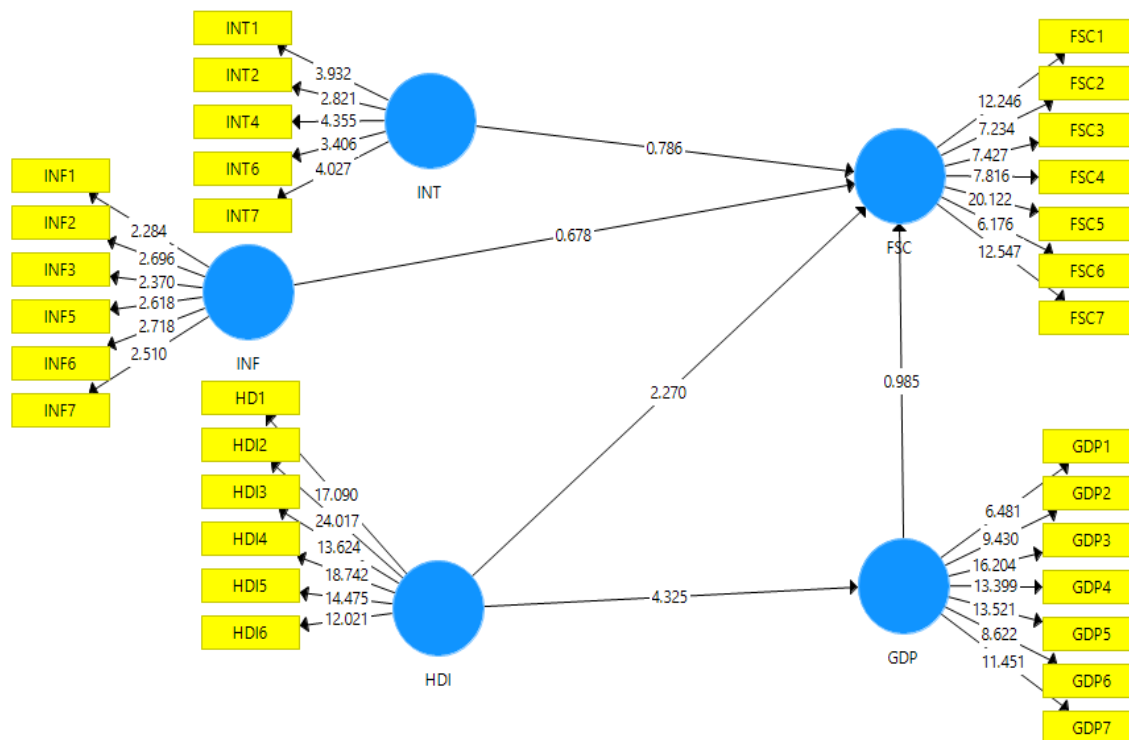


FIGURE 4
STRUTCTURAL MODEL

Table 3
HYPOTHESIS TESTING

Hypothesis	Relationships	Beta-Values	T-Values	Decisions
H1	INT → FSC	0.074	0.786	Rejected
H2	INF → FSC	0.077	0.678	Rejected
H3	HDI → FSC	0.196	2.270	Accepted
H4	HDI → GDP	0.296	4.325	Accepted
H5	GDP → FSC	0.084	0.985	Rejected

Hypothesis	Relationship	Beta – value	T - value	Result
H6	HDI -> GDP -> FSC	0.025	0.856	Rejected

The contribution of this research project is summarized below and the facts will be useful for the Palestine food supply chain regulatory authorities, food supply chain, researcher and the reader of this project (Shahbaz et al., 2019b) (Table 3 & Table 4). This research is adding to the literature on the impact of supply chain practices on product innovation in food supply chain industry Palestine by investigating the facts that how leadership, supplier relationship, lean practices, quality information analysis and customer focus promotes innovation in an organization. The main supply chain factor which has been discovered in this research is the interest rate and inflation rate due to which the performance of food supply chain is profound in the organizations (Shahbaz et al., 2019a). Secondly, this research is based on the food industry only whereas the food supply chain industry consists on limited firms future researcher may widen their scope to and consider the entire industry as their sample size to better understand the impact of supply chain performance (Figure 4).

CONCLUSION

The current research study's significance twofold; the first is from the perspective of its contribution to the existing literature. The current research study will help to evolve an understanding of the relationships between independent variables (Interest rate, inflation rates, Gross Domestic Production and Human Development Index) and dependent variable which is Food Supply Chain of Palestine. The literature has shown that no such any study has been conducted in the scenario of emerging markets such as Palestine. Therefore, the current study will help to bridge the gap in the literature. The second significance of the study is from the point of a manager; the current study will help supply chain managers working in the food supply chain industry of Palestine to formulate practical strategy.

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