

# Final Project 1

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Faculty of Management  
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**Midocean University**  
**Faculty of Management**  
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# **Managing Business Operations and Supply Chain Management in NEOM**

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# 1. Chapter 1: Introduction

## 1.1. Research Background

Business operations and supply chain management are crucial for the success of any enterprise, but they become particularly challenging in remote areas and close-knit communities. Limited infrastructure, restricted access to suppliers, high transportation costs, and logistical constraints often hinder smooth operations. Unlike urban settings where supply chains are well-connected and diverse, businesses in remote areas must navigate these unique challenges to sustain profitability and ensure customer satisfaction.

Remote areas, such as rural regions or island communities, often face difficulties in sourcing raw materials, managing inventory, and maintaining cost-effective distribution networks. The rise of digital solutions and innovative supply chain models has helped businesses mitigate these issues, but many still struggle with logistical inefficiencies, reliance on external suppliers, and unpredictable demand patterns.

This research aims to explore the challenges faced by businesses operating in such environments and identify effective strategies to improve operational efficiency and supply chain resilience. By analyzing case studies, technological interventions, and alternative

supply chain models, this study will provide valuable insights into sustainable business management in isolated regions.

## **1.2. Research Problem**

Managing business operations and supply chains in remote areas presents significant difficulties, including high transportation costs, supplier dependencies, and limited market access. Many businesses in these regions experience operational inefficiencies, supply shortages, and difficulty maintaining consistent inventory levels. These challenges often result in increased costs, reduced profitability, and decreased customer satisfaction.

### **1.2.1. Theoretical Gaps**

Despite extensive research on supply chain management and business operations, there is limited literature focusing on the unique challenges of operating in remote and close communities. Existing models primarily address urban and industrial supply chains, leaving a gap in understanding how businesses in remote locations can optimize their operations.

### **1.2.2. Practical Gaps**

From a practical perspective, many businesses in remote areas lack access to advanced logistical solutions, making it difficult for them to compete with urban enterprises. There is a need for innovative, cost-effective strategies to streamline supply chain processes and improve operational efficiency.

### **1.2.3. Research Question:**

How can businesses in remote areas and close communities effectively manage their operations and supply chains to enhance efficiency and profitability

### **1.3. Research Significance**

In this section, the student should clarify the importance of the study at the theoretical level, and the empirical level

#### **1.3.1. At the theoretical level**

This study will contribute to existing business and supply chain management literature by addressing the unique challenges of remote area operations. It will help bridge the gap between urban supply chain models and the realities faced by businesses in isolated regions.

#### **1.3.2. At the practical level**

The research findings will provide practical recommendations for businesses operating in NEOM and other remote areas, helping them optimize their supply chains, reduce costs, and improve service delivery. Additionally, policymakers and local governments can use these insights to develop supportive infrastructure and policies.

### **1.4. Research Questions**

1. What are the key challenges faced by businesses in NEOM in managing their supply chains and operations?
2. What strategies can be implemented to improve operational efficiency in remote business environments?
3. How does infrastructure development impact business operations in remote communities?

### **1.5. Research Objectives**

1. To identify major operational and supply chain challenges in NEOM.
2. To evaluate the effectiveness of various strategies in improving business efficiency in remote areas.
3. To propose recommendations for businesses and policymakers to enhance supply chain resilience.

### 3.1. Research Hypotheses

1. H1: Infrastructure limitations negatively impact supply chain efficiency in NEOM.
2. H2: Digital solutions significantly improve business operations in remote communities.
3. H3: Local sourcing strategies help reduce supply chain costs and delays.
- 4.

#### a. Research Methodology

This study will adopt a mixed-methods approach, combining qualitative case studies with quantitative data analysis. Surveys and interviews will be conducted with business owners and supply chain professionals operating in NEOM. Secondary data from industry reports and academic research will also be analyzed.

#### b. Scope of Study

The research will focus on businesses operating in NEOM and similar remote communities. It will examine operational challenges, supply chain inefficiencies, and possible solutions tailored to isolated environments.

#### c. The Suggested Project Structure

1. Introduction
2. Literature Review
3. Research Methodology
4. Data Collection & Analysis
5. Findings & Discussion
6. Recommendations
7. Conclusion
8. References

## 5.Chapter 2: Literature Review

### 2.1 Introduction

The independent variable in this study is **supply chain infrastructure and logistics efficiency** in NEOM. Supply chain infrastructure includes the transportation networks, storage facilities, supplier relationships, and workforce capabilities that influence how efficiently goods and services move within and beyond NEOM. Factors such as delivery lead times, transportation reliability, and sourcing strategies significantly impact overall business performance.

### 2.2 The independent variable

The dependent variable is **business operational efficiency**, which refers to how effectively businesses in NEOM manage their resources, reduce costs, and maintain a steady supply of goods and services. Operational efficiency is measured by key performance indicators (KPIs) such as delivery time, inventory turnover, customer satisfaction, and cost reduction strategies. Enhancing supply chain infrastructure is expected to improve these operational metrics, leading to better performance and sustainability.

### 2.3 The relationship between the independent and the dependent variables

An efficient supply chain infrastructure directly influences business operational efficiency. When businesses in NEOM have access to optimized logistics, well-organized warehousing, and strong supplier coordination, they can minimize costs and improve service delivery. Strategies such as effective route planning, supplier diversification, and improved inventory management contribute to better decision-making and resource utilization.

## 2.4 Conclusion

This chapter reviewed the key theoretical concepts related to business operations and supply chain management in NEOM. The study identified supply chain infrastructure as the independent variable and business operational efficiency as the dependent variable, establishing a clear relationship between them. By improving supply chain logistics, businesses in NEOM can enhance operational performance, making the region a model for sustainable and efficient business management.

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(Include references from academic journals, books, and industry reports related to business operations and supply chain management in remote areas.)