

Midocean University

College of Management

Department of Management



**Evaluation of the Performance of Operations Management in the Industrial Sector
at the National Gas and Industrialization Company (GASCO), headquartered in
Riyadh City, Saudi Arabia**

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- Introduction

In modern times, businesses have to come up with sustainable business policies and frameworks in their operations to attain attractive result. The changing business environment has necessitated companies to change their operations strategies. The Japanese came up with lean management that incorporates continuous improvement in the operations production processes and supply chains. They have been able to produce their products with an aim of zero defects, efficiency in production processes, minimal stock and automation. Studies have shown that operations management and operational performance are linked and there is a positive significant relationship between the operations management variables; lean management, value stream mapping, machine maintenance and the performance.

- Statement of the Problem

A world market is a competitive place full of turbulence where both quality and innovation are playing crucial roles in companies surviving. Companies have to continuously improve their processes and produce products that appeal to the buyers. The global LPG industry has many players with limited markets around the world. The customer trends are changing necessitating the producers to be wary of what and when to produce.

Lean internal practices have an impact on the operational performance elements of cost, speed, flexibility, and quality. The production of LPG in Saudi Arabia is on a minimal scale and with unutilized management. The region has the task of competing with large importers of the other countries who have been able to provide their product at lower prices with their ability to produce at lower costs with advancements in operations.

The cost of product offering is still high despite the technology being more affordable due to material costs being high. This portrays that the production environment costs have been on the rise for a lot of organizations in the present times. Saudi Arabia is struggling to become self-sufficient in LPG production. So, the LPG industry of Saudi Arabia is faced with a lot of challenges.

Cost of electricity and fuel, that are a necessity in production have increased highly due to environmental uncertainty and government legislation, consequently impacting on the cost of the final products. Labor cost also increases the cost of production. The challenges to processes excellence to be the little economic development level, people not being time conscious, failure to follow written instructions, no problem foreseeing, low levels of innovation, unpredictability of life and poor-quality acceptance. Not many scientific researches relating operations management and operational performance have been carried out in the LPG industrial field. This industry is an important agricultural area that is depended upon by a lot of households. This scientific research report aims to identify what are the operations management practices in the National Gas and Industrialization Co. (GASCO) head quarter in Riyadh city that also it owns 7 filling stations and a transportation and distribution fleet in Saudi Arabia, what the operational performances of the factories are and what is the relationship between operational performance and operations management practices in these factories.

- Objectives of the Study

- i) To establish the operations management practices of the National Gas and Industrialization Co. (GASCO) head quarter in Riyadh city, Saudi Arabia.
- ii) To establish the operational performance of the National Gas and Industrialization Co. (GASCO) head quarter in Riyadh city, Saudi Arabia.
- iii) To determine the relationship between operations management practices and operational performance of the National Gas and Industrialization Co. (GASCO) head quarter in Riyadh city, Saudi Arabia.

- Importance of the Study

The study will be of value to the National Gas and Industrialization Co. (GASCO) head quarter in Riyadh city, Saudi Arabia, as they will be able to identify the effect of the operations management on their operational performance. They will be able to reassess their operations from the recommendations of the study and identify the areas that need improvement. They will also be able to identify the practices in other industries and be able to tailor them to fit their business.

The shareholders in the industry will be able to understand what goes on in their business, how they can improve their production, and whether there is a hope of their business flourishing for them to get their investment returns. They will benefit from the findings of the study and know whether their trade practices are the best practices.

Academicians will be able to identify the relationship of operations management and operational performance. They will be able to make reference to the research findings in their future studies. They can be able to do further research from the gaps identified in the recommendations. They can apply the same concept to other industries to see whether the findings hold in these industries.

- Scope of the Study

The target population for this scientific research report is the National Gas and Industrialization Co. (GASCO) head quarter in Riyadh city, Saudi Arabia. The company's activities and tasks are as followings:

- Production, filling and marketing the LPG mixture.
- Selling, transporting, distributing and marketing bottled and unfilled gas cylinders and tanks, wholesale or retail.
- Selling metal and iron pipes wholesale or retail.

The study has been choosing the National Gas and Industrialization Co. (GASCO) because it's the main provider of liquefied petroleum gas (LPG) in Saudi Arabia, and provides innovative transportation and filling solutions that meet the aspirations of its customers in the residential, commercial and industrial sectors.

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كلية الإدارة

قسم / تخصص الإدارة

تقييم أداء إدارة العمليات بالقطاع الصناعي في شركة الغاز والتصنيع الاهلية (غازكو)

بالمركز الرئيسي بمدينة الرياض ، المملكة العربية السعودية

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