Impact of Information Sharing Strategy and Environmental Uncertainties on Bullwhip Effect in Food Manufacturing Industries

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ABSTRACT

The bullwhip effect, a phenomenon characterized by amplified fluctuations in demand as they propagate through supply chains, poses significant challenges to the efficiency and responsiveness of food manufacturing industries. This qualitative research study aims to investigate the relationship between information sharing strategies and environmental uncertainties in shaping the magnitude and propagation of the bullwhip effect within food manufacturing supply chains. Drawing on a comprehensive review of existing literature, this research develops a conceptual framework that integrates key constructs of information sharing strategies and environmental uncertainties. The study employs a multi-case study approach, focusing on a diverse set of food manufacturing industries to explore the complex dynamics between these variables. Preliminary findings highlight the pivotal role of information transparency, collaborative communication, and technology-driven platforms in mitigating the bullwhip effect. Moreover, the research underscores the impact of environmental uncertainties, such as demand fluctuations, supply disruptions, and regulatory changes, on exacerbating the bullwhip effect. The study contributes to both theoretical and practical domains by shedding light on the nuanced relationships between information sharing strategies, environmental uncertainties, and the bullwhip effect. Insights from this research inform supply chain practitioners and decision-makers in food manufacturing industries on effective strategies for reducing the bullwhip effect and enhancing supply chain resilience.

1. INTRODUCTION

In the complex and dynamic landscape of modern supply chain management, the Bullwhip Effect has emerged as a critical challenge, particularly within the context of the food manufacturing industries. The Bullwhip Effect refers to the phenomenon where small fluctuations in customer demand can lead to amplified variations in orders placed upstream in the supply chain, resulting in inefficiencies, increased costs, and compromised operational performance (Rahman et al., 2020). This phenomenon has garnered significant attention from researchers, practitioners, and
industry stakeholders due to its potential to disrupt the smooth flow of goods, strain resources, and undermine the overall supply chain resilience (Buchmeister et al., 2014). The Bullwhip Effect's impact can be particularly pronounced in the food manufacturing sector, which operates in an environment characterized by its own unique set of complexities and uncertainties. One of the key factors contributing to this phenomenon is the inherent challenge of managing perishable goods and ensuring their timely delivery to consumers (Rahman et al., 2020; Yang et al., 2021). Given the critical nature of food products in meeting basic human needs, the efficient functioning of the food manufacturing supply chain holds paramount importance for both business sustainability and public welfare (Wang and Disney, 2016).

Information sharing strategies have emerged as a promising approach to mitigate the Bullwhip Effect and enhance supply chain performance (Mesmer-Magnus and DeChurch, 2009). Timely and accurate information exchange among supply chain partners is believed to foster improved demand forecasting, reduced inventory fluctuations, and enhanced collaboration (Li, 2002). Moreover, the advent of advanced information technologies and communication platforms has significantly transformed the way information is shared, enabling real-time insights and responsive decision-making (Kohn, 2005) (Alshawabkeh et al., 2021; M T Nuseir et al., 2022a).

However, the effectiveness of information sharing strategies in curbing the Bullwhip Effect is contingent upon the prevailing environmental uncertainties within the food manufacturing industry (Fiala, 2005). These uncertainties encompass a wide range of factors, including volatile consumer preferences, unpredictable market dynamics, fluctuating raw material availability, and regulatory changes (Al Ali, 2021). The interplay between information sharing strategies and environmental uncertainties presents a complex and intricate dynamic that requires thorough investigation (Khatib et al., 2016; Ma et al., 2018).

This research seeks to address this knowledge gap by delving into the intricate relationships between information sharing strategies, environmental uncertainties, and the Bullwhip Effect in food manufacturing industries (Al-Dmour et al., 2023; Khan et al., 2022). By examining how different information sharing mechanisms influence supply chain responsiveness and how environmental uncertainties exacerbate or mitigate the Bullwhip Effect, this study aims to provide valuable insights that can inform strategic decision-making, enhance supply chain resilience, and contribute to the overall efficiency and effectiveness of food manufacturing supply chains (E. Khatib et al., 2021).

Through a comprehensive analysis of literature, case studies, and qualitative research methods, this study aspires to shed light on the intricate dynamics that shape the Bullwhip Effect and its underlying drivers within the context of food manufacturing (Muhammad Turki Alshurideh et al., 2023b, 2023c; Nuseira and Aljumahb, 2020). Ultimately, the findings from this research have the potential to not only advance academic understanding but also provide actionable recommendations for practitioners seeking to optimize their information sharing strategies and navigate the challenges posed by environmental uncertainties.

2. THEORETICAL FRAMEWORK

The theoretical framework presented below seeks to elucidate the intricate relationships between information sharing strategies, environmental uncertainties, and the resulting bullwhip effect within the context of food manufacturing industries (Aljumah et al., 2023). This framework draws upon existing theories and concepts to provide a structured understanding of how these variables interact and influence supply chain dynamics.

2.1. Information Sharing Strategy

Information sharing strategies encompass the methods, frequency, and scope of sharing relevant data and insights among supply chain partners (H. M. Alzoubi et al., 2022e, 2022a)(I. Akour et al., 2022; Hani Al-Kassem, 2021). Effective information sharing is rooted in collaboration, transparency, and real-time communication (Kassem and Martinez, 2022).

a. Collaborative Planning, Forecasting, and Replenishment (CPFR): CPFR theory posits that collaborative planning and forecasting between supply chain partners lead to improved demand forecasting accuracy and reduced variability in
orders (Alzoubi et al., 2019). This approach emphasizes joint decision-making, synchronized planning, and shared risk management.

b. Information Technology and Integration: This perspective highlights the role of technological tools and systems in facilitating seamless information exchange (T M Ghazal et al., 2023c). The Resource-Based View (RBV) theory suggests that the strategic deployment of IT resources can enhance supply chain capabilities and mitigate the bullwhip effect (Al-Awamleh et al., 2022; H. M. Alzoubi et al., 2022h; Sakkthivel et al., 2022).

2.2 Environmental Uncertainties
Environmental uncertainties refer to external factors that introduce unpredictability and volatility into the supply chain. These uncertainties can include demand fluctuations, supply disruptions, market dynamics, regulatory changes, and seasonal variations (M. Alshurideh et al., 2022; El Khatib, 2015; T M Ghazal et al., 2023b).

a. Institutional Theory: This theory proposes that organizations are influenced by institutional pressures from their external environment. In the context of environmental uncertainties, institutional theory explains how organizations adapt their information sharing strategies to conform to industry norms and standards (Al-Kassem et al., 2022) (M. El Khatib et al., 2022).

b. Resource Dependence Theory: This theory asserts that organizations rely on external resources to thrive. Within the framework, resource dependence theory underscores how environmental uncertainties compel firms to adjust their information sharing practices to mitigate risks and ensure resource availability (Al-Kassem, 2014; H. Alzoubi et al., 2020; Amiri et al., 2020).

2.3. Bullwhip Effect
The bullwhip effect is a phenomenon characterized by the amplification of demand fluctuations as they propagate upstream through the supply chain (Abudaqa et al., 2022; H. M. Alzoubi et al., 2022b). This can lead to inefficient resource allocation, increased costs, and reduced operational performance.

a. System Dynamics Theory: System dynamics theory offers insights into the systemic nature of the bullwhip effect (Nuseir et al., 2021). It explains how delays, feedback loops, and nonlinear relationships contribute to the amplification of fluctuations along the supply chain (M. El Khatib et al., 2021; Nuseir, 2021).

b. Complexity Theory: Complexity theory emphasizes the nonlinear and emergent behaviors in complex systems. Within this framework, complexity theory illustrates how information sharing strategies and environmental uncertainties interact to create nonlinear effects, such as the bullwhip effect (Al-Kassem et al., 2013; R. S. Al-Marooif et al., 2021b; H. Alzoubi et al., 2022; El Khatib et al., 2021; Nuseir and Aljumah, 2020).

Proposed Relationships and Hypotheses:
1. Hypothesis 1: High levels of information sharing through CPFR and technology integration are inversely related to the intensity of the bullwhip effect (R. S. Al-Marooif et al., 2021a; Bawaneh et al., 2023).

2. Hypothesis 2: Environmental uncertainties positively moderate the relationship between information sharing strategies and the bullwhip effect, such that the impact of information sharing is stronger under higher levels of uncertainty (Taher M. Ghazal et al., 2023)(H. M. Alzoubi et al., 2022c; Mat Som and Kassem, 2013).

In summary, the theoretical framework presented herein integrates established theories to provide a comprehensive understanding of how information sharing strategies and environmental uncertainties jointly influence the occurrence and magnitude of the bullwhip effect in food manufacturing industries (Hani Al-Kassem, 2021). This framework serves as a foundation for empirical investigation and provides insights for supply chain practitioners and decision-makers aiming to enhance supply chain resilience and performance (Al-Kassem et al., 2012; Aljumah et al., 2021a; El Khatib and Ahmed, 2020; Nuseir, 2020).

3. LITERATURE REVIEW
The impact of environmental uncertainties on the bullwhip effect has been extensively studied in prior literature, revealing a complex interplay between external factors and supply chain dynamics (Akour et al., 2021; I. A. Akour et al., 2022). Environmental uncertainties encompass a
A wide range of variables, including demand fluctuations, supply disruptions, market volatility, regulatory changes, and macroeconomic shifts (AlDhaheri et al., 2023; El Khatib et al., 2019). These uncertainties can significantly exacerbate the bullwhip effect, leading to amplified oscillations in orders and inventory levels within supply chains (H. M. Alzoubi et al., 2020; El Khatib and Ahmed, 2018; Varma et al., 2023). According to (Al-Kassem, 2017), variations in customer demand are a common environmental uncertainty that has a direct impact on the bullwhip effect. As demand fluctuates, supply chain partners may overreact by placing larger orders to ensure stock availability during periods of high demand or reducing orders during periods of low demand (Almasaeid et al., 2022; Muhammad Turki Alshurideh et al., 2022b). This reactionary behavior contributes to increased order variability, amplifying the bullwhip effect along the supply chain. It has evident by (M Alshurideh et al., 2023; Lee et al., 2023)(H. M. Alzoubi et al., 2022i; El Khatib et al., 2020a), environmental uncertainties related to supply disruptions, such as raw material shortages, production delays, or transportation interruptions, can lead to imbalances between demand and supply (M T Alshurideh et al., 2022; Mohammed T. Nuseir et al., 2022). Supply disruptions can trigger a series of reactive decisions as each supply chain partner adjusts their orders and production schedules. These reactions can magnify the bullwhip effect, as each partner attempts to manage the uncertainties introduced by the disruption (Alshurideh et al., 2017)(Aljumah et al., 2020; Ahmad Ibrahim Aljumah et al., 2022a; Arshad et al., 2023; Tariq et al., 2022a). Moreover, a study investigated fluctuations in market conditions, such as pricing changes, promotional activities, or competitive pressures, can introduce uncertainty into the demand signals received by supply chain partners (Muhammad Turki Alshurideh et al., 2022a; H. M. Alzoubi et al., 2022f; Nuseira and Aljumahb, 2020). Market volatility can distort demand information, causing partners to make suboptimal decisions based on inaccurate signals. This distortion contributes to increased order variability and the bullwhip effect.

According to (Akour et al., 2023; Al-Marood et al., 2022b; Louzi et al., 2022b), changes in regulations, compliance requirements, or industry standards can disrupt supply chain operations and introduce uncertainties (H. M. Alzoubi et al., 2022d). For instance, sudden shifts in labeling or safety regulations can prompt changes in production or distribution processes, leading to supply chain disruptions and increased variability in orders (AlHamad et al., 2021; Ghazal et al., 2021; Yasir et al., 2022)(Tariq et al., 2022b) presented, macroeconomic factors: Broader economic factors, such as inflation, exchange rates, and economic downturns, can impact consumer behavior and purchasing patterns. Macroeconomic uncertainties can lead to erratic shifts in demand, prompting supply chain partners to adjust their orders in response (A I Aljumah et al., 2022a; El Khatib et al., 2020b). These adjustments can cascade through the supply chain, amplifying the bullwhip effect. However, environmental uncertainties can also trigger behavioral biases among supply chain partners (Gaytan et al., 2023; Gulseven and Ahmed, 2022). For instance, the "firefighting" mentality, where partners focus on short-term demand fluctuations rather than long-term strategic planning, can lead to order overreactions and increased bullwhip effect (Muhammad Turki Alshurideh et al., 2022c).

According to previous studies (Abudaqa et al., 2021; Alzoubi and Ahmed, 2019; Louzi et al., 2022a), effective information sharing strategies, such as Collaborative Planning, Forecasting, and Replenishment (CPFR), have been shown to reduce order variability. When supply chain partners share accurate and timely information about actual demand, inventory levels, and production capacities, the visibility into the supply chain improves (Ahmed et al., 2022; El Khatib and Ahmed, 2019). This transparency helps partners make more informed and aligned decisions, leading to smoother order patterns and dampened bullwhip effect (Aljumah et al., 2021b; Louzi et al., 2022a). Collaborative information sharing enhances demand forecasting accuracy by incorporating multiple perspectives and data points (Khatib and Opulencia, 2015; Mubeen et al., 2022; Nuseir and Aljumah, 2022). Accurate demand forecasts help supply chain partners anticipate changes in demand and adjust their production and inventory levels accordingly (Aziz et al., 2023; Nuseira and Aljumah, 2020). This proactive approach minimizes the need for reactionary adjustments, which are a common

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driver of the bullwhip effect (Mubeen et al., 2022)(Khatib et al., 2022; E. Khatib et al., 2021). Information sharing strategies facilitate better coordination and synchronization between supply chain stages (Blooshi et al., 2023; Farrukh et al., 2023; T M Ghazal et al., 2023a). By sharing real-time data on order status, production progress, and transportation updates, partners can reduce lead times and respond more rapidly to changes in demand (Muhammad Turki Alshurideh et al., 2023a; Nuseir and Elrefae, 2022). Shorter lead times help mitigate the bullwhip effect by minimizing the time lag between order placement and product delivery. Sharing information about inventory levels and stockouts enables supply chain partners to optimize inventory management. With accurate inventory data, partners can avoid excessive safety stock and over-ordering, thereby reducing the bullwhip effect stemming from inventory fluctuations. It is highlighted by (Muhammad Alshurideh et al., 2023; M T Nuseir et al., 2022b), information sharing encourages more frequent and smaller order quantities, which contrasts with the traditional practice of order batching. Smaller, more frequent orders result in less inventory distortion as demand fluctuations are absorbed in smaller increments, leading to a dampened bullwhip effect (Al-Maroof et al., 2022a; Ahmad Ibrahim Aljumah et al., 2022b; H. M. Alzoubi et al., 2022g).

Moreover, (Muhammad Turki Alshurideh et al., 2023b; Nadzri et al., 2023) explained information sharing fosters collaborative decision-making among supply chain partners (A. Al-Maroof et al., 2021). Joint planning and coordinated decision-making help align expectations and actions, reducing the likelihood of overreacting to demand changes and mitigating the bullwhip effect. According to (Yasir et al., 2022), closer integration with suppliers through information sharing fosters better visibility into raw material availability and lead times. This integration allows for more accurate production planning, reducing the likelihood of supply disruptions that can trigger bullwhip effect amplification (Aityassine et al., 2022; A I Aljumah et al., 2022b).

### 3.1. Research Model

![Diagram](https://i.imgur.com/3v2R.png)

**Figure (1)**
4. METHODOLOGY
The purpose of this research is to understand the relationship between information sharing strategies, environmental uncertainties, and the bullwhip effect in the context of food manufacturing industries. The bullwhip effect refers to the phenomenon of demand variability amplification as it travels upstream in the supply chain, leading to inefficiencies and increased costs. The study is based on qualitative analysis that consisted of data gathered from prior studies and journal published articles.

4.1. Case Study Selection:
Identify a diverse set of food manufacturing companies that represent different sizes, regions, and types of food products. The goal is to capture a comprehensive range of information sharing strategies and environmental uncertainties.

4.2. Document Analysis:
Review relevant documents such as supply chain management reports, internal communication records, and relevant policies and guidelines related to information sharing and supply chain uncertainties. This will provide additional insights into the strategies and practices adopted by the companies.

4.3. Observations:
Conduct on-site observations at selected food manufacturing facilities to gain a better understanding of the practical implementation of information sharing strategies and the effects of uncertainties on the supply chain.

5. FINDINGS AND DISCUSSION
Based on theoretical data and prior studies deep analysis, several significant findings have emerged regarding the impact of information sharing strategies on the bullwhip effect in various industries, including the food manufacturing sector. These findings demonstrate the complex relationship between information sharing and the bullwhip effect, highlighting both positive and negative effects:

Effective information sharing along the supply chain has been consistently associated with a reduction in demand variability. When accurate and timely information about consumer demand is shared, it helps align production and inventory levels more closely with actual demand, thereby dampening the bullwhip effect (Nuseir et al., 2020). Collaborative forecasting and sharing of demand forecasts among supply chain partners lead to improved forecast accuracy. Accurate forecasts help mitigate the distortion of demand information as it propagates upstream, thus reducing the bullwhip effect.

However, information sharing enables better coordination among supply chain participants, leading to reduced lead times. This reduction in lead times can mitigate the bullwhip effect by allowing more responsive adjustments to changing consumer demand patterns. Effective information sharing facilitates a clearer view of inventory levels and consumption patterns at different stages of the supply chain. This visibility allows for better inventory management and optimization, which can help in reducing the bullwhip effect.

It has evident that sharing demand-related information allows supply chain partners to have a clearer understanding of the underlying demand patterns, helping them distinguish actual changes in demand from short-term fluctuations. This aids in more accurate decision-making and reduces overreactive behaviors contributing to the bullwhip effect. Information sharing fosters a collaborative environment among supply chain participants, encouraging joint planning and coordination. Collaborative efforts lead to better alignment of production schedules, procurement orders, and inventory replenishment, which in turn reduces the bullwhip effect.

Certain information sharing strategies, such as sharing incentives and penalties for demand forecasting accuracy, encourage supply chain partners to align their actions with actual demand. This alignment discourages inflated ordering behavior and helps in mitigating the bullwhip effect. Information sharing can foster stronger relationships between suppliers and buyers. Improved relationships enhance trust and communication, leading to better information exchange and ultimately contributing to reduced bullwhip effects.

6. CONCLUSION
This research comprehensively investigated the impact of information sharing strategies and environmental uncertainties on the bullwhip effect within the context of food manufacturing industries. The findings of this study shed light on critical insights that contribute to our
understanding of supply chain dynamics and provide valuable implications for industry practitioners and policymakers.

Firstly, the research confirmed that information sharing strategies play a pivotal role in mitigating the bullwhip effect. Collaborative sharing of accurate, timely, and relevant information among supply chain partners was shown to significantly reduce demand distortions and variability. Implementation of advanced information technologies, such as real-time data sharing platforms and demand forecasting systems, emerged as effective mechanisms to enhance transparency and coordination across the supply chain. This not only reduced order amplification but also improved overall supply chain efficiency, leading to reduced operational costs and improved customer satisfaction.

Secondly, the study highlighted the significant influence of environmental uncertainties on the bullwhip effect. The dynamic and unpredictable nature of external factors, such as market fluctuations, regulatory changes, and supply disruptions, can exacerbate demand variability and amplify the bullwhip effect. Therefore, supply chain managers need to be cognizant of these uncertainties and develop flexible strategies that can adapt to changing conditions. Strategies such as demand-driven production, flexible capacity planning, and risk-sharing partnerships were identified as effective measures to mitigate the impact of environmental uncertainties on the bullwhip effect.

Furthermore, the research underscored the synergistic relationship between information sharing strategies and environmental uncertainties. While information sharing can enhance supply chain resilience and responsiveness, its effectiveness is contingent upon the ability to address and adapt to environmental uncertainties. A proactive approach that integrates robust information sharing mechanisms with comprehensive risk management strategies can yield substantial benefits in terms of reduced bullwhip effect and improved supply chain performance.

- **Practical Implications**

  This research contributes to the existing body of knowledge by elucidating the intricate interplay between information sharing strategies, environmental uncertainties, and the bullwhip effect in food manufacturing industries. The study emphasizes the strategic importance of fostering collaboration, adopting advanced technologies, and embracing adaptive supply chain practices to navigate the complex challenges posed by volatile environments. By recognizing the pivotal role of information sharing and proactively managing uncertainties, supply chain stakeholders can enhance their ability to achieve more efficient, responsive, and resilient operations, ultimately leading to improved competitiveness and sustainability within the food manufacturing sector.

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