

CHAPTER I

INTRODUCTION

1.1 Introduction to Supply Chain Management

Increasingly, supply chain management is being recognized as the management of key business processes across the network of organizations that comprise the supply chain. While many have recognized the benefits of a process approach to managing the business and the supply chain, most are vague about what processes are to be considered, what sub-processes and activities are contained in each process, and how the processes interact with each other and with the traditional functional silos. In this work, it is provided strategic and operational descriptions of each of the eight supply chain processes identified by members of The Global Supply Chain Forum, as well as illustrations of the interfaces among the processes and an example of how a process approach can be implemented within an organization. The aim of the research is to provide managers with a framework to be used in implementing supply chain management, instructors with material useful in structuring a supply chain management course, and researchers with a set of opportunities for further development of the field.

In the globalized competition around the world are in search of a powerful source of competitive advantage. The same advantage is found in terms of Supply Chain Management, which encompasses all integrated activities which are associated with the Traveling or transportation of the product to satisfy the Customers.

The Supply Chain Management consists of integrated Manufacturing Functions i.e. operations, Purchasing, Transportation and the Proper distribution of different components at different locations & Positions wherever they are needed. The Supply Chain Management is a flexible manufacturing Process which includes various tasks to be done and that functions of manufacturing Processes linked together by Supply Chain Management. The SCM consists of different departments, different vendors, suppliers, transportations or logistics services, third party companies and the IT supports required and coordinate together.

The organizational supply chain management refers different functions and activities which covers in inbound logistic and outbound logistic, inventory control, procurement, sourcing, ware housing etc. which performs well under one roof of supply chain management and which control and monitor different important functions like scheduling, order processing, customers service, forecasting, production planning etc.

1. Definitions of SCM

2. Supply Chain Management encompasses every effort involved in producing and delivering a final product or service, from the supplier's supplier to the customer's customer.

➤ The supply chain council U.S.A.

3. Supply chain management includes managing supply and demand, sourcing raw material and parts, manufacturing and assembly, warehousing and inventory tracking, order entry and order management, distribution across all channels and delivery to the customer.

➤ The supply chain council U.S.A.

2. Philosophy of SCM.

The supply chain management is the integrated process which is associated process which includes the cost of the customers, quality of the process and goods and the very important thing is the delivery of goods at the right time achieves the goal and objective of the company.

Inventory management is the last place in the process of supply chain management to keep the balancing of the demand and the supply.

1. Supply chain is having two important concepts.

1. Inter organization supply chain.

2. Intra organization supply chain.

1. Inter organizational supply chain.

The supply chain In between two or more organizations is called as inter organizational supply chain. The process which includes in this is the raw materials supplied to the manufacturing industry and then the stores or at the inventory of the raw material that is stored which is used for processing to manufacture the product

that may be finished or the semi-finished product. Many times the semi-finished product is the final product for the industry and the same semi-finished product for the industry where the final finished product is getting manufactured.

The product is then transports to the distributor or wholesaler and then after another packaging or bundling of the product the next flow of the product is finally reach to the customer or end user. This process is called as inter organizational supply chain. In this process many sub processes has to be done e.g. like quality checking before receiving in to the inventory of the raw material etc.

2. Intra Organizational supply chain management

It is the supply chain processes which are implemented within organization to add the convenience in the manufacturing of the product in the industry. In this type there are three methods

- 1) Long term planning
- 2) Midterm planning
- 3) Short term planning

In long term planning the sequence of the processes is like procurement of the raw material, the raw material is send to the production department after manufacturing of the product the product is send to the distribution and to the sales department.

In midterm planning some strategic network designs are implemented which uses the master planning for the further operations in the industry. In short term planning purchasing and material requirement planning followed by production planning and masters scheduling after that distribution planning and transportation scheduling is done which helps the demand planning and the demand fulfillment.

In the globalization and liberalization of the market the manufactures and the distributors has to face some problems dive to the difficulties to handle different situations, rules and regulations and the fluctuations in the demands and the supply, seasonal changes, different festivals at different countries and many other international legal issues and therefore global supply chain forum identified the different processes which helps to the supply chain management.

1. Customer relationship management. (C.R.M)

2. Customer services management. (C.S.M)
3. Demand management. (D.M)
4. Order fulfilment. (O.F)
5. Manufacturing flow management. (M.F.M)
6. Procurement (P.)
7. Product development and commercialization. (P.D.A.C)
8. Return management. (R.M)
9. Supplier relationship management. (S.R.M)
10. Implementation of supply chain management. (I.O.S.C.M)

1.1.1 Evolution of supply chain management

Earlier the concept of supply chain was very limited and the rigid Vendor → Purchase → Production → Distribution → Retailers.

As the development was carried out in the management science and changes occur in the demand the changes in the supply chain management was taken i.e. that activities was divided in to main branches.

1. Materials management &
2. Logistic management

When the globalization and the liberalization in the manufacturing taken place the actual concept of the transportation, material management, inventory management, manufacturing processes, quality management, sales and services and the logistics coordinated all these parameters and the concept supply chain management comes out which fulfills all requirements and the demands of the process and which helps to make a balance in between the demand and supply of the goods to achieve goals and objective of the industries or organizations.

1.1.2 Advantages of Evolution of the supply chain management

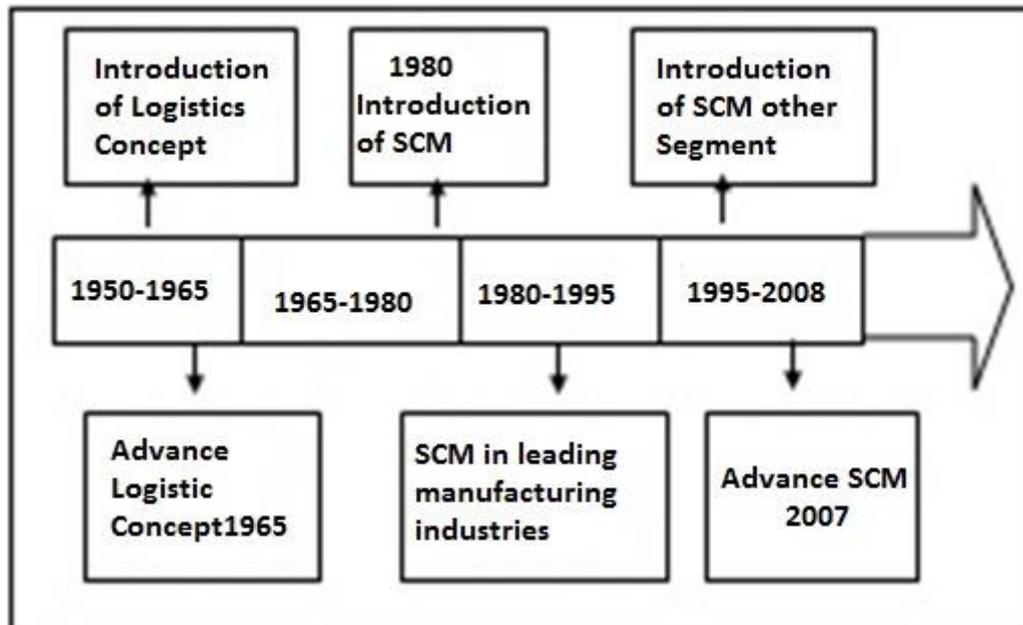
The identification of the customers and their future needs for local and global customers

1. To identify the factors which are important to fulfil the customers satisfaction
2. To determine and identify the redundancy and the incapability of the supply chain.

3. Supply chain helps to improve the relations between the vendors, supplier and the customers.
4. To improve the strength and the efficiency of the process
5. To enhance the core competency of the process.

Fig.1.1

Evolution of Supply Chain Management



The above Representation shows the evolution of the SCM which clearly shows the development phases of SCM in different segments. In the 1950 the logistics management concept was introduced in the manufacturing industries because the manufacturing industries were in the need of the transportation of raw material, machines, equipment, and the final product to the distributors and the market and then to customers.

After 1965 the different improvement in the logistics were carried out which helped the fulfillment of the demands and the need of the manufacturers and the suppliers to achieve the goals and objective of the industries. In the late 1980's the concept of supply chain management was introduced and many changes occur in the transportation, logistic, and the manufacturing because the coordination of the related factors together for the manufacturing of the product. The strength of the supply chain management was to coordinate the factors like purchase, supply, inventory management, dispatch and transportation of the finished product, demand fore

casting, feedback from the customers etc. which add the benefit of the manufacturing process and logistic process. In 1985 the supply chain management was initially introduced to the manufacturing industries then after some time the SCM was introduced in service industry and in latest the advance SCM is getting implemented. In the recent SCM the several changes are carried out and the introduction of the IT system in the SCM is taken place which helps SCM to add the strength and the flexibility to the process.

1.2 Introduction to Supply Chain Management in Retail

In Retail Industries the Supply Chain Management plays vital role to give the better competency in the globalized market. The role of Supply Chain Management is very crucial to give the on time delivery to avoid the blockage of the Sale because the introduction of the alternative products not take so much time and that can make the product outdated from market. There are some challenges for both manufacturing as well as Retail Supply Chain Management.

Industries attempt to change their ways to participate in the globalized market by adopting the new methodology and techniques for the business. To sting successfully in the globalized market retailing turned into retail industry from upside to down. The fast and efficient changes in the technologies used for the several operations in business are the challenges for the retailers. Supply chain management is a concept introduced to compete with all markets and overcome all the problems faced by the retailers which means that transportation of goods from point of consumption. As the retailing is a last step of supply chains thus the successful and efficient management of it achieves the significant savings and add a benefit in increase of the customer satisfaction. The responsibility of the retailing is matching of the individual demands of the customer by offering huge range of produces for mailing choices for them. Supply chains are considered as the strategically important parameter for the development of buyer and supplier relationship and for the efficient and proper working of suppliers, in the value chain. To perform well in business retailers has to know and understand their role of their duties by knowing the functions of supply chains.

To counter the complete and uncertainties of the market place and competitive situation to reduce the inventory in the throughout value chain retail sector industries has to reset the supply chain management. Efficient management of supply chain management should support the satisfaction and requirements of end users. SCM implementation is a chewing for retail industries and therefore to understand the role of retails and their functions before implementation and after implementation of supply chain management, to compete in the competitive market and the increase the profitability of the firm.

1.3 Introduction to Supply Chain Management in Manufacturing Industries

In the globalization of the market the life cycles of the products has been reduced and the expectations of the customers has been increased and to attain this more the manufacturers has to brought the better supply chains and the better control and coordinators has to brought the better efficient working of the manufacturing industries and so the products performance in the globalized market.

The supply chain management of the manufacturing is somewhat differ from the retail supply chain management in different aspects. The manufacturing supply chain system has lot of work to reduce the different unwanted expenditure. And different cost which get reduced or eliminated by proper working and by minimizing the transportation cost and reducing the inventory costs.

Generally speaking SCM focuses on the creating values through certain innovations in processes to improve the process, services and the customer satisfaction through the fulfilment of the requirements from the product. The evolution of industrial SCM is from the traditional purchasing systems which grows through the importance assisted to the process of logistics and the owner functioned elements of the operational management conventional procurement system is different from the SCM approach which includes different aspects which are having crucial role in the enhancement of the firms capabilities and the efficiency of time through the efficient structure and policies associated with supply chain management.

Supply chain management is having certain influences by the trends which impact on SCM industrial supply chain is having two important segments i.e. demand and supply. In the globalization of the market the life cycles of the products has been reduced and the expectations of the customers has been increased and to attain this

mark the manufacturers has to brought better supply Chains and the better control and coordination over it to have better and efficient working of the manufacturing industries and so the products performance in the globalized market.

1.4 Introduction to Buyer Supplier Relationship

The timely delivery is the prime objective of any Supply Chain Management System and there are so many factors that affect the supply chain performance. The key factor to avoid the flaws of the system the important parameters of the supply Chain Management is Buyer Supplier relationship. Globalization and fast changing Business practices putting organizations under tremendous pressure to constantly improve product or process quality, delivery index, performance, and responsiveness along with reducing costs. Organizations also increasingly exploring ways to leverage their supply chains and giving more focus on the role of suppliers in their chain. In other wards firms are now more trying to utilize their resources and increasing the value of the supply chain and in return they are experiencing more flexibility and responsive to the demands and customers. Outsourcing allows firms to exploit the capabilities, expertise, technologies, and efficiencies of their suppliers. Increased outsourcing, however, implies greater reliance on suppliers and commensurate need to manage the supplier base. Development and maintenance of long-term relationships between buyers and sellers is the key to industrial buying success. Existing supplier relationships are a powerful competitive advantage for a company. Relational exchanges can contribute to product differentiation and create barriers to switching for suppliers and buyers. Today, large and small companies are making partnerships with suppliers a foundation of their supply strategies. At an operational level, the benefit to a buyer of developing close relationships with key suppliers comes in the form of improved quality or delivery service, reduced cost, or some combination thereof. At a strategic level, it should lead to sustainable improvements in product quality and innovation, enhanced competitiveness, and increased market share, in Indian manufacturing set-up the micro, small and medium enterprises (MSME) plays a very vital role.

In this research the focus is on the comparative measures of the manufacturing Supply Chain Management and Retail Supply Chain management. By considering

Different aspects and parameters of the Supply Chain Management the comparative study takes place.

1.5 Significance of the study

As Supply Chain management is very Much significant for the performance of the organizations the proper strategy making and planning to execute it is also an important task to perform. This study will be useful to the industrial managers, employers, business house, academicians, research scholars and Govt. for framing the appropriate industrial SCM policies, various internal policies and procedures for development of industrials SCM and the employees. This study is also useful to find the target area where the manufacturing and Retail industries should have to focus on different parameters of the SCM policies and the methods of working to improve the performance of the SCM department.

1. The organizational culture and working admired to understand the employees perception for it.
2. The role of management in the Supply Chain management is important to pace the process.
3. There is a significant link between employee engagement and profitability.
4. They form an emotional connection with the company. This impacts their attitude towards the company's clients, and thereby improves customer satisfaction and service levels.
5. Buyer Supplier Relations is studied at the various levels and industries.
6. The study had given the remarkable comparison in manufacturing and Retail Supply Chain Management in different aspects and performance.
7. Creates a sense of loyalty in a competitive environment.
8. Provides a high-energy working environment and boosts business growth.
9. Makes the employees effective brand ambassadors for the company.

1.6 Objectives of the Study

Following are the main objectives of the present study are as follows:

1. To compare the performance of SCM Department in Retail and Manufacturing industries
2. To identify the hierarchy of the parameters (questions) according to its importance of the questions.

3. To know the role of different factors like age, designation, gender on the performance of the industries.
4. To study the employee engagement and Management Initiatives in selected industries
5. To measure the level of engagement in Retail industries
6. To understand the organization structure and management practices of Manufacturing and Retail industries
7. To know the present employee engagement techniques and practices adopted by management initiatives for engaging employees

1.7 Hypothesis

As per the formulated objectives following hypothesis framed for the study.

1. The general environment in an organization is better in manufacturing than retail Industries.
2. Employees of manufacturing industries having positive perception compare to that of retail industries employees.
3. In manufacturing industries role of management is more focused for the employee's development than that of retail industries.
4. Basic components of Supply Chain Management are functioning more smoothly in manufacturing industries compare to retail industries.
5. In manufacturing industries relationship between Buyer and Supplier is maintained more prominently than retail industries.
6. Vendor development is more focused in manufacturing industries compare to retail industries.

1.8 Research Methodology

1.8.1 Data Collection

To compare the performance of the manufacturing and Retail industries for their Supply Chain Management the questionnaire prepared by focusing on the issues as mentioned in the hypothesis.

1.8.2 Primary Data:

The study use descriptive survey design. The purpose of descriptive surveys was to collect detailed and factual information that describes an existence phenomenon. The target population was employees from Manufacturing and Retail industries engaged in SCM activities

The present study is based on primary data in particular. Primary data was collected through questionnaire supported by personal interview with the employees and employers. The target population of this study includes employees working at Top level, Middle level and Lower level position at the selected Manufacturing and Retail industries in Aurangabad District.

1.8.3 Secondary Data:

The secondary data was collected through the research books, research articles, government's report, and survey report, and survey reports by research agencies, journals, report, websites, etc.

1.8.4 Sample Selection

For the surveys the sample consideration is important ad for the same the prior planning has to be done. The table following gives an idea of the sample selection procedure.

Table No.1.1
Compilation of Sample Size

Sr. No	Manufacturing Industries	Universal Sample	Selected Sample	Retail Sector Industries	Universal Sample	Selected Sample
1	Precision Tools	170	17	A	150	15
2	Melt &Melow	40	04	B	140	14
3	D.P.Auto	140	14	C	180	18
4	Metalman Auto Components	210	21	D	90	09
5	Metalman II	180	18	E	70	07
6	Indian Tools	140	14	F	220	22
7	Birla Precision Tools	150	15	G	170	17
8	Varsha Forgings	100	10			
9	Total	1130	113	Total	1020	102

Source: - Primary Data.

The study being qualitative in nature, non-probability sampling technique i.e. judgmental method was used for selecting the industries for the purpose of the study. Total no. of samples of manufacturing and retail SCM department was 2150 out of it 1130 was of manufacturing and 1020 was of retail industries and selected samples were 215 i.e. 10% of the employee and employers was selected from SCM, Logistic, Purchase and Stores Department as a sample size

1.9 Tools and Techniques used:

The most consistent message concerning the concept of employee engagement is that it should be measured through the use of a survey therefore the technique for the study would be

1. Questionnaire (Pre-formatted)
2. Personal interview

The data collected was properly classified and analysed with the help of statistical techniques such as Mean, Standard Deviation, average, percentage, T test, RIDIT Analysis, AHP, GRA etc.

1.10 Period of Study:

The study was carried out in the period of 2014 –2015.

1.11 Scope and Limitation:

1. The scope of the study was to identify the potential difference between the Supply Chain Management policies and the supply chain methods in Manufacturing and Retail Industries in Aurangabad District.

2. From the pre research work it was observed from the secondary data source i.e. new papers, magazines, Supply Chain Management journals etc. the role of Retail Supply Chain Management was having some flaws in its methods, sources and the policies implemented.

3. Compare to Manufacturing Supply Chain Management Retail Supply Chain Management facing more problems due to the command area is located far from the operating region and thus the performance of the Supply Chain Management is better of Manufacturing than Retail.

1. MIDC Waluj
2. MIDC Chikhalthana
3. MIDC Shendra
4. Retailers Located at various places in Aurangabad District

Hence the study had included the large scale manufacturing industries

1. The study was limited to the employees working in large scale manufacturing industries MIDC Waluj MIDC Shendra Retailers Located at various places in Aurangabad District. Time and cost was one of the important limitations of the study

2. As the MIDC Aurangabad contains huge number of industries there is limitation for the selection of industries.

1.12 Presentation of the Study

The study was presented by following chapters

Chapter -1: Introduction

Introduction of supply chain management and its importance in manufacturing and retail industries. The role of supply chain management is in profit maximization and cost reduction in industries. Buyer Supplier relationship plays important role in Supply Chain Management to reduce the cycle time of the introduction of product to the market

Chapter – 2 Review of Literature

The literature survey of standard journals gave the idea and concept for the research work which contributed a lot in this study.

Chapter–3 Manufacturing and Retail SCM and their benefits and challenges.

Manufacturing Supply Chain Management implemented some modern day techniques which reduce the lead time and the cycle time of the product. In retail Supply Chain Management the decision making authority is located somewhere in the country far away from the location which can delay the decision making process.

Chapter – 4 Comparisons of Manufacturing SCM and Retail SCM with Role of IT

As per the hypothesis made manufacturing supply chain management is better than the Retail supply Chain management in buyer supply relationships and in vendor development and some other departments. The introduction of the IT applications in Supply Chain Management makes thing smoother.

Chapter -5: Data collection and Analysis

Data is collected in the form of responses to the questionnaire prepared on Likert scale. The data generated is analysed by different way to check the hypothesis and to find the importance of the different parameters in form of the questions AHP and RIDIT analysis done.

Chapter – 6: Conclusion and Suggestions

The data analysed gives the conclusion that Manufacturing Supply Management is better than Retail Supply management. Retail industries are suggested from findings that they should implement the modern day techniques in the working and the decision making should be decentralized.