



THE IMPACT OF SUPPLY CHAIN MANAGEMENT PRACTICES ON PRODUCTIVITY

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ABSTRACT

The purpose of the study is to test the impact of supply chain management practices on productivity of the organisation. Additionally, investigated the relationship between supply chain management practices and organisational productivity. The type of research used is descriptive in nature.. The study was conducted on the basis of various factors like risk management, process, delivery and planning and how organisational productivity can be improved through these factors of supply chain management practices. The paper revealed that there is a relationship between supply chain management practices and organisational productivity. It also revealed that there is an impact of supply chain management practices on organisational productivity. As far as the researcher is aware, this paper is first to investigate the impact of supply chain management practices on organisational productivity with factors like quality management, inventory management and transportation and the researcher has done the study on different factors like risk management, planning, process and delivery.

KEYWORDS : Supply Chain management, Productivity, Organisation.

INTRODUCTION

The management of business procedures to achieve the best level of productivity within an organisation is known as operations management (OM). In order to increase an Industrial profit, it is concerned with transforming resources like labour and materials into products and services as effectively as feasible. In industry, operations management is crucial since it aids in the efficient management, control, and supervision of products, services, and employees. The study deals with how supply chain management practices work in productivity of an organisation. The administration of flow of products and services across organisations is known as supply chain management. This can involve the transportation and storage of raw material, work-in-process, and the complete order fulfilment process between the points of production and consumption. The study focuses on the factors of supply chain management practices, find out whether there is any relationship between supply chain management practices and organisational productivity, and to analyse the impact of supply chain management practices on organisational productivity. The study is to check whether there is a positive correlation between supply chain management practices and organisational productivity or not and to check whether there is a positive impact of supply chain management practices on productivity of an organisation or not.

GENERAL BACKGROUND

Supply chain management is the management of flow of goods and services and it includes all the processes that transform raw materials into final products. It is a systematic approach to manage the distribution of goods from suppliers of raw materials through manufacturers and eventually down to end users. A measure of economic performance known as productivity compares the quantity of goods and services produced with the quantity of inputs required to produce those items. It helps in cost reduction, product innovation and customer satisfaction. Thus Supply chain management practices play an important role in productivity of the organisation.

Statement Of The Problem

As organisations strive for greater competitiveness, supply chain management challenges such cost reduction,

improved quality, improved customer service and supply continuity are becoming increasingly important, elevating supply chain management practices inside the organisation.

Research Gap

From the article of Solomon Jeresa, Marcus Garvey Orji and Akhaine Mary Enose the factors they used to evaluate impact of the supply chain management practices were quality management, inventory management and transportation management. From the article of Al Tit A the factors he used to evaluate the impact of supply chain management practices were relationship with customers and suppliers, cost saving and waste removal. The researcher did the study with the same topic, The impact of supply chain management practices on productivity of an organisation with different factors to evaluate like risk management, process, planning and delivery. So the research is that different factors are used by Solomon Jeresa, Marcus Garvey Orji, Akhaine Mary Enose, Al- Tit A and the researcher.

Objectives Of The Study

- To assess the relationship between the supply chain management practices and organisational productivity.
- To analyse the impact of supply chain management practices on organisational productivity.

Research Model

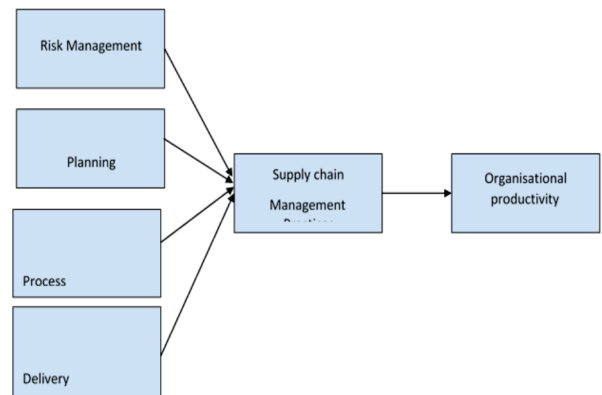


Fig:6.1 Research Model

Risk Management: Supply chain risk management, defined as “the use of strategies to control both routine and unusual risks along the supply chain based on continuous risk assessment with the objective of reducing vulnerability and ensuring continuity”.

Planning: Supply chain planning (SCP) is a proactive process that involves organising resources to balance supply and demand while optimising the flow of goods, services, and information from supplier to customer.

Process: This model's top level contains five distinct processes, sometimes referred to as supply chain management components: plan, source, make, deliver, and return.

Delivery: Supply chain management is concerned with the movement of goods and services including their delivery to the final consumer, as well as the related movements of cash and information.

Supply Chain Management Practices: SCM practices are defined as methods used to manage relationships, integration, and coordination of supply and demand in order to effectively and profitably fulfil customers.

Organisational Productivity: Productivity refers to a company or its workers ability to efficiently turn inputs like labour and capital into outputs like goods or services. Goals, rewards, development opportunities, and communication techniques are all used by managers to improve staff productivity.

Review Of Literature

HessamZandHessami and Ava Savoji(2011),their study says that the organisation should overcome the insecure risk conditions.The best materials and parts should be produced by the suppliers at the lowest possible cost.To do this, the supply chain's effective risk need to be identified and ranked.

Li Zhao, Xiande Zhao, BaofengHuo and Linyan Sun (2013), their study says that to live, and grow, businesses within a supply chain must strategically collaborate with their essential suppliers and consumers. Risk makes supply networks more sophisticated and time-sensitive than ever before.

Al-Tit A (2016) the current study's goal was to evaluate the effects of a lean supply chain's four components, including connections with suppliers and customers, cost savings, and waste removal.The research's findings supported the hypothesis that relationships with customers,suppliers, and other stakeholders had a major impact on manufacturing enterprises' efficiency.

Minh Hue Nguyen, Anh Chi Phan and Yoshiki Matsui (2018), study attempts to look into the relationship between operational capabilities and supply chain management techniques inVietnamese manufacturing enterprises. Both the enterprises' upstream and downstream supply chains are investigated independently to better understand the link.

Research Methodology

The type of research used in this study is descriptive. Secondary and primary data are the two sources of data used to collect the data. Primary data was created by the researcher themselves, as a survey and structured questionnaire. The value of Cronbach alpha is 0.93, it is most frequently used to assess the reliability of the scale when the questionnaire was prepared. Secondary data were collected from the published articles on various websites.These were the two mediums used for the data collection. The sampling technique used in the research is simple random sampling. The population

taken is 900 and the sample size is 98. Simple random and lottery methods were used.

Hypothesis Of The Study

HYPOTHESIS I

H0: There is no significant relationship between supply chain management practices and industrial productivity.

H1: There is significant relationship between supply chain management practices and industrial productivity.

HYPOTHESIS II

H0: There is no impact of supply chain management practices on organisational productivity. H1: There is impact of supply chain management practices on organisational productivity.

Data Analysis And Interpretation

Table 1: Demographic Profile Of The Respondents

Demographic Factors	Classification	Frequency	Percentage
Gender	Male	79	81.4
	Female	18	18.6
Age	26-36	34	36.2
	Above 35	60	63.8
Educational Qualification	12th	2	2.2
	Diploma	11	12.2
	UG	25	28.1
	PG	51	57.3
Experience	Below 4 years	6	6.4
	4-8 years	19	20.2
	9-12 years	32	34.0
	Above 12 years	37	39.4
Designation	Material	12	13.2
	Plant	51	56.0
	Quality	17	18.7
	Store	11	12.1

As per Table1, there is no doubt that there are more men than women among the respondents. It is evident that the majority of responses are above 35 years old. The lowest percentage of respondents are in the 26–36 age range. The PG holders make up the majority of responders, followed by UG holders. It is obvious that the majority of responders had more than 12 years of experience, followed by those with between 9 and 12 years. It shows that the majority of respondents come from the plant, followed by the quality testing division.

Testing Hypothesis

Hypothesis I

H0: There is no significant relationship between supply chain management practices and organisational productivity.

H1: There is significant relationship between supply chain management practices and organisational productivity.

Table 2: Correlation Analysis For Relation Between Supply Chain Management Practices And Organisational Productivity.

Factors of organisational productivity	Supply chain management	Productivity
Supply chain management	1	.696**
Productivity	-	1

The correlation coefficient between supply chain management practices and organisational productivity is .696** which indicate positive correlation (48%) between supply chain management practices and organisational productivity and significant at 1%.

Hypothesis II

H0: There is no significant impact of supply chain management practices on organisational productivity.

H1: There is significant impact of supply chain management practices on organisational productivity
Dependent variable: Organisational productivity (Y)

Independent variable: Supply chain management practices (X)

R value: 0.485

F value: 31.819

P value: 0.001

Table 3: Regression Analysis For Impact Of Supply Chain Management Practices On Organisational Productivity

Variables	Unstandardised coefficient (B)	SE of B	Standardised co-efficient (Beta)	t value	P value
Constant	.400	.403	-	.993	.323
Supply chain management practices	.895	.098	.696	9.095	0.01

The R square value is .485 which means that about 48.5% of the variation in organisational productivity is explained by the estimated SRP that uses supply chain management practices as independent variable and R square value is significant at 5% level.

The regression equation is $Y = -0.400 + 0.895X$

Findings And Discussion

From the study it was found that there is a significant relationship between supply chain management practices and productivity of an organisation.

This study proved that there is a positive impact of supply chain management practices on productivity of the organisation.

CONCLUSION

The objectives of the study are to find out the relationship between supply chain management practices and productivity of the organisation and to analyse the impact of supply chain management practices on organisational productivity. The organisations are taking the right strategies at the right time which helps the supply chain be effective and efficient. Organisations are increasingly valuing the role of supply chain management in the current competitive climate. The purpose of the study is to look into how SCM methods affect organisational productivity. According to the study, supply chain management strategies have a favourable association with and influence on organisational productivity.

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