

## **A Study on Electrical Goods Retailer's Level of Awareness on Supply Chain Management Practices**

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### **Abstract**

The role of supply chain has changed considerably over the last three decades.. In the 70's supply chain focused mainly on integration of warehousing and transportation within the firm. In the 80's the focus of supply chain management shifted to re-engineering of cost structures. At the end of 80's the focus again shifted from cost reduction to improving customer service. Today, successful supply chain management requires the recognition that the firm is simply one of the players in the long chain that starts with suppliers and includes transporters channel members, manufactures and customers. One of the main players in supply chain is the channel members like wholesalers and retailers. Indian organized retail sector are framing various SCM strategies for productive operational efficiency. This study focus on various SCM strategies framed by electrical retailer for their successful business activities.

### **Introduction**

Since the industrial revolution, the developments in tooling, processes, material etc, accelerated the growth of factory system remarkably. The culture specific schools of management were evolved and each formed its own structure of solving problems, which are generated out of the use of machinery, complex division of labour, mass production and automation. But the economic environment and management theories were not sufficient for the creation of climate necessary for a change in attitudes. Later the field of marketing management was growing in importance as the philosophy of management was shifting from product orientation to market orientation. This was a natural shift, because the world economy in general changed from a phase with a shortage of industrial capacity to another phase of adequate capacity and increased competition.

Now the situation is still fast changing and if new learning is not absorbed in fractions of the days, companies are liable to be thrown out of the market. In this view Porter(1985) had suggested four major elements for business environment such as global elements, government's influence, macro-economic factors and technological innovations. to exist in such environment, porter suggested that the corporates should control five forces namely, threat of new entrants, rivalry among current players, bargaining power of buyers, bargaining power of suppliers and threat of substitutes. Hence for the organization to exist and grow it has to adopt any of the following four strategies such as, expansion of its business, merger with another company, acquisition of another company or formation of strategic alliance.

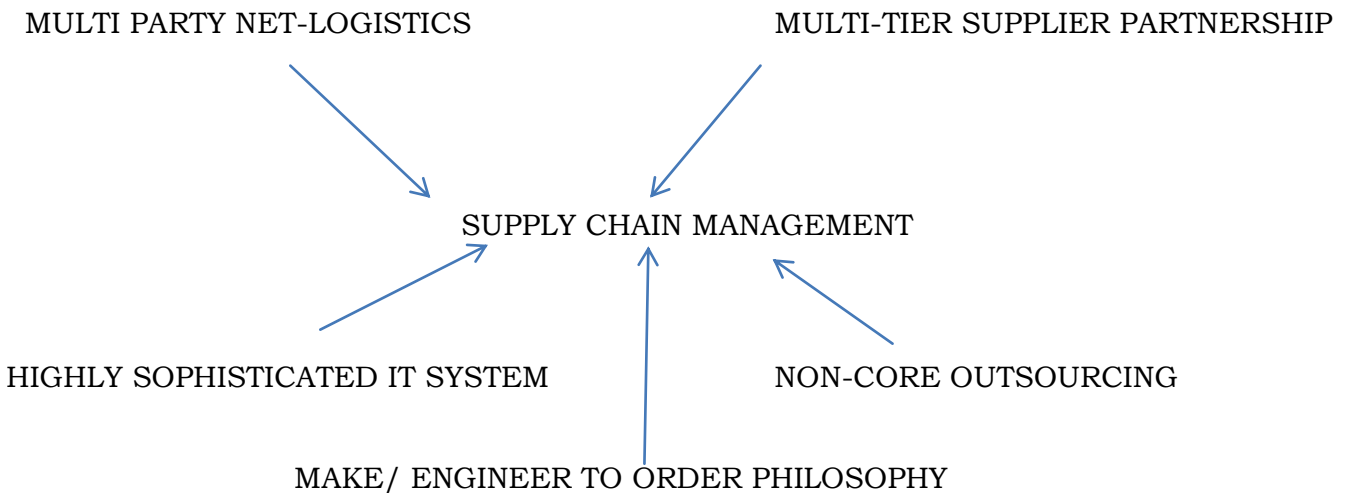
The current business dynamics hardly allow organisations to expand its business. The idea today is to map self-competence with others and form a strong chain of such competent players to supply goods and services to the customers effectively, efficiently and economically. The concept of supply chain management is based on this view competence alliance. In fact SCM is the result of powerful alliance between customer, manufacturer, channel members and the supplier. Effective customer service is not achieved solely by motivated and customer oriented employees – although clearly that is a prerequisite- but through the supply chain that enables the consistent delivery of service in terms of reaching the right product, at the right time, in the right condition(quality) to the right customer. Hence it has become imperative for the organisations to see supply chain as part of its overall strategy. The companies, which have achieved success in this process, have already found themselves in a very comfortable position vis-à-vis the other companies, which did not realize its importance earlier.

**Conceptual Model of Supply Chain Management**

Supply chain management can be seen as the process of strategically managing the procurement, movement and storage of materials, parts and finished inventory (and related information flow) through the organization and its marketing channels in such a way that current and future profitability are maximized through the cost effective fulfillment of orders.

Supply chain is understood as a bridge between demand and supply. It conveys the demand to the supply point and delivers the supply to the demand point. So can conclude that it is a network of facilities and distribution options that perform the functions of procurement of materials, transformation of these materials into intermediate and finished products and the distribution of these finished products to customers.

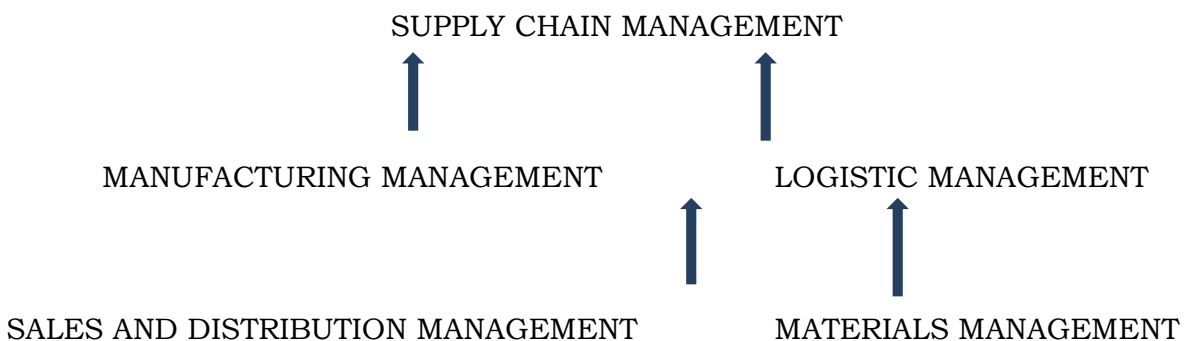
It is said that SCM provides a major source of competitive and financial advantage. i.e. a position of enduring superiority in terms of customer preference with low cost. This low cost production with a variety of products requires efforts to implement LPP model, coupled with powerful technique likes like CPFR, VMI, SRM, outsourcing partnerships, TQM, six sigma, optimizing system etc. These fundamental practices are pillars of SCM concepts, which are presented in below mentioned figure.



This summarizes that SCM works in demand driven situation, encourages flow-type production with small batches, reduces idle inventory and idle time in any business by improving overall customer centric approach.

**Supply Chain Approach**

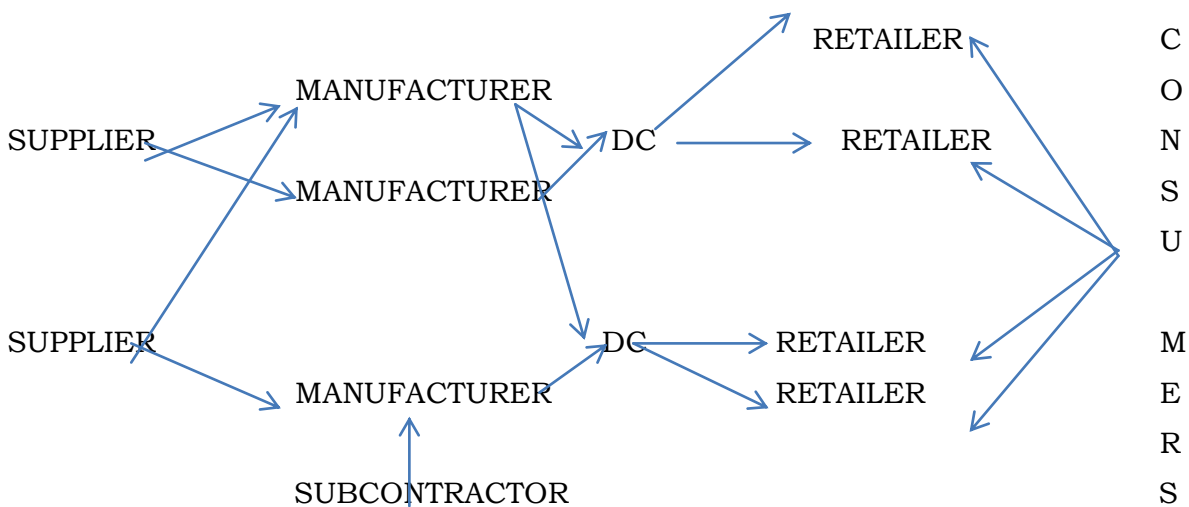
SCM function is the outgrowth of the unified evolution of manufacturing, management and logistics management functions. The concept of logistic management itself evolved from unified evolution of material management and sales and distribution management.



Traditional materials manager was responsible for the consistent supplier relationships whereas the distribution manager was responsible for the effective customer (including C& F agents, dealers, wholesalers, retailers etc.) relations. In effect, the products and services

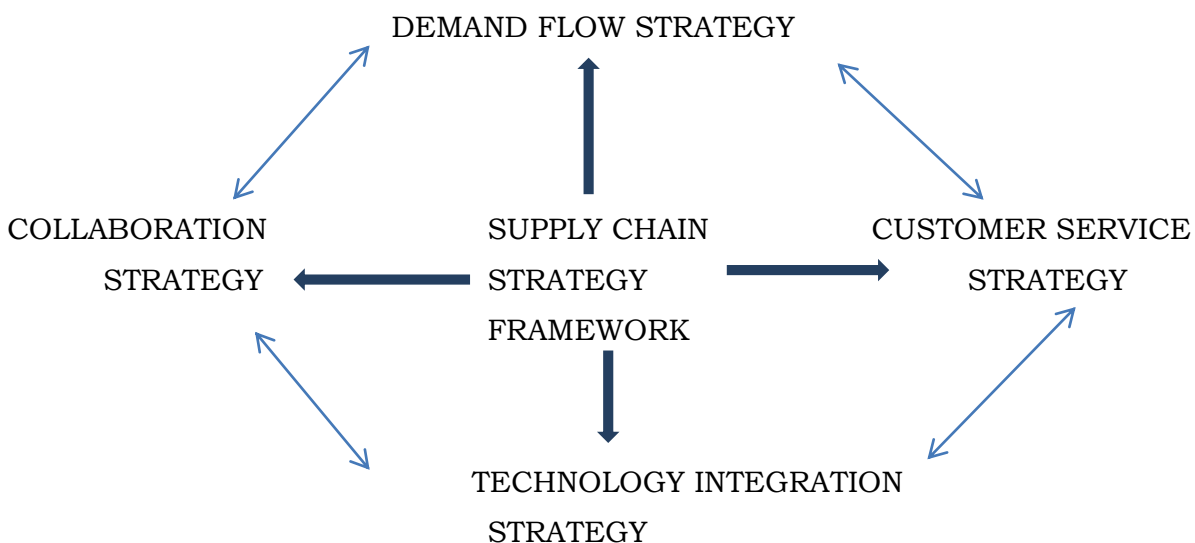
movement of the organization was managed right from suppliers to customers by these different functions. The manufacturing function was dealing with production and related service management. Today, the supply chain manager is responsible for the end-to-end material flow right from demand planning, sourcing, acquiring, value addition and final dispatch to the consumer.

Modern supply chain management approach emphasis, all the organized players as one entity. It means the manufacturing organization closely operates with all the trading partners including customers at one side and suppliers at the other side. In fact, the well-defined customer demands are known and the main focus of the organisation becomes fulfilling this demand with the supply management thus integrating supplier's side. Typically it integrates all of its internal supply chain operations as well as the external supply chain operations to deliver value to the final consumers.



### Supply Chain Strategies

Supply chain strategy will have a major impact on creating value for a company and its supply chain partners. An effective supply chain strategy may be formulated to meet the needs of the market and integrate them with technology to generate the highest level of customer satisfaction while delivering the highest value to the share holders. Supply chain strategy is based on collaboration strategy, demand flow strategy, customer service strategy and technology integration strategy.



The main strategies adopted by electrical retailers in supply of goods are based on these four main strategies such as better supplier relation, CRM, outsourcing, technology used, information flow, lean practice and role of intermediaries. These strategies were taken as main factors for this study. Various studies on these strategies claimed that it is very essential for the companies to make their business venture as a successful one. This includes, Mulky and Nargundkar(2003) on retail shops, Cygnus India(2008) on revamping retail sector, Choudhar and Sharma(2009) on operational efficiency of retail sector, Sharma and Raunak (2015) on unorganized retail sector etc.

### **Data Analysis and Interpretation**

This study was conducted among electrical retailers in Chennai City. A pilot study was conducted among 25 electrical retailers to identify the validity of questionnaire and confirmed the quality of it. In the second stage 100 electrical retailers in different parts of Chennai city was selected through random sampling for primary data collection, with the help of a structured questionnaire which carries 25 related questions on the topic.

The primary data collected through questionnaire were analysed by using statistical tools like weighted average, ANOVA and Chi-square.

The study shows that among 7 Supply Chain Management strategies mentioned, the electrical retailers are giving most important to role of influencers followed by supplier relationship, customer relationship, information quality, lean practices, outsourcing and techniques adopted.

It is observed from the study that the electrical retailers in Chennai city are aware about the Supply Chain Management practices which can be adopted in the flow of goods. They are most aware of the role of influencers like electricians while comparing with other strategies followed by them.

It is inferred from the study that the awareness on SCM practices is very important while implementing it and make their business activities as profitable one.

### **Conclusion**

The study concluded that there are a set of Supply Chain Management strategies which help the retailers to make their business venture as a successful one. Now a days the retailers are giving more importance to modern approaches in supply chain comparing to traditional approach like depending more on suppliers, to make their business more productive. They give equal importance to both forward and backward communication in flow of goods. some of the important strategies followed by retailers are identifying the importance of electricians, create a good customer base and maintain a better relationship with them, keep a long term relationship with suppliers, collecting and sharing valued information among manufacturer, supplier, agent and customer, and following certain practices like quality management system, team work etc. This study identified that the awareness of these strategies to electrical retailers are very important in making their business venture as a successful one.

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