



STUDY ON SUPPLIER DEVELOPMENT PRACTICES FOR SCM IN INDIAN MANUFACTURING ORGANIZATIONS

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Abstract- Supplier are very integrated part of a manufacturing supply chain. Collaboration with suppliers helps in long term planning and relationship in a supply chain. Supplier development activities help in supplier development and management of supply chain. In this paper author has studied the supplier development practices for SCM in Indian manufacturing organization. Author has also studied the effect of supplier development activities on performance of Indian manufacturing organizations. Finding of study indicates that supplier development practices significant correlation with performance of Indian manufacturing organizations.

Key words: Supplier development, SCM, performance, manufacturing, SMEs.

1. INTRODUCTION

Effective management of supply chain management leads to overall profit of supply chain. Mentzer et al. (2001) stated that SCM is the systemic, strategic coordination of the traditional business functions for the purpose of improving the long term performance of the individual company and the full supply chain.

These days managing supply chain is a challenging task. Customers are more demanding and suppliers are more aware. For managing all members effectively, supply chain should have coordination among all members (Arshinder et al., 2009). To beat global competition, individual competencies of enterprises are not enough. It's the time of chain to chain competition and chain to chain development (Koh and Tan, 2006).

In this paper author identified the supplier development factors from literature, developed a questionnaire and studied their effects on performance of Indian manufacturing organization from different sectors by survey based approach. Section 2 of paper will discuss the literature review and framework development. Section 3 will discuss the methodology. In section 4 finding from survey are analyzed and their effect on performance have been studied. Conclusion has been discussed in Section 5.

2. LITERATURE REVIEW & FRAMEWORK DEVELOPMENT

In modern time organizations having a system of information exchange and long term planning on relationship with suppliers, customers have an edge on competitors. Skipworth et al. (2015) observed that in decision making and policy issues, support of higher management make SCM effective. Ferreira et al. (2011) stated that collaboration with supply chain partners in supply chain add feeling of trust and cooperation. Kannabiran & Bhaumik (2005) observed that coordination between different departments of the organization can be improved by adopting different practices like cross functional training; inter-departmental meetings etc. Bianchi and Saleh (2010) observed that performance of supply chain can be improved by mutual trust among its members. Hsine et al. (2013) stated that use of modern IT tools in information sharing can improve partnership with all members of supply chain. Lancioni et al. (2000) stated that different benefits such as on time delivery, mutual cooperation, cost saving can be achieved by technologies up-gradation. On the bases of different issues identified from literature review, author framed a framework shown in figure 1.

Research proposition: Supplier development practices have significant correlation with performance.

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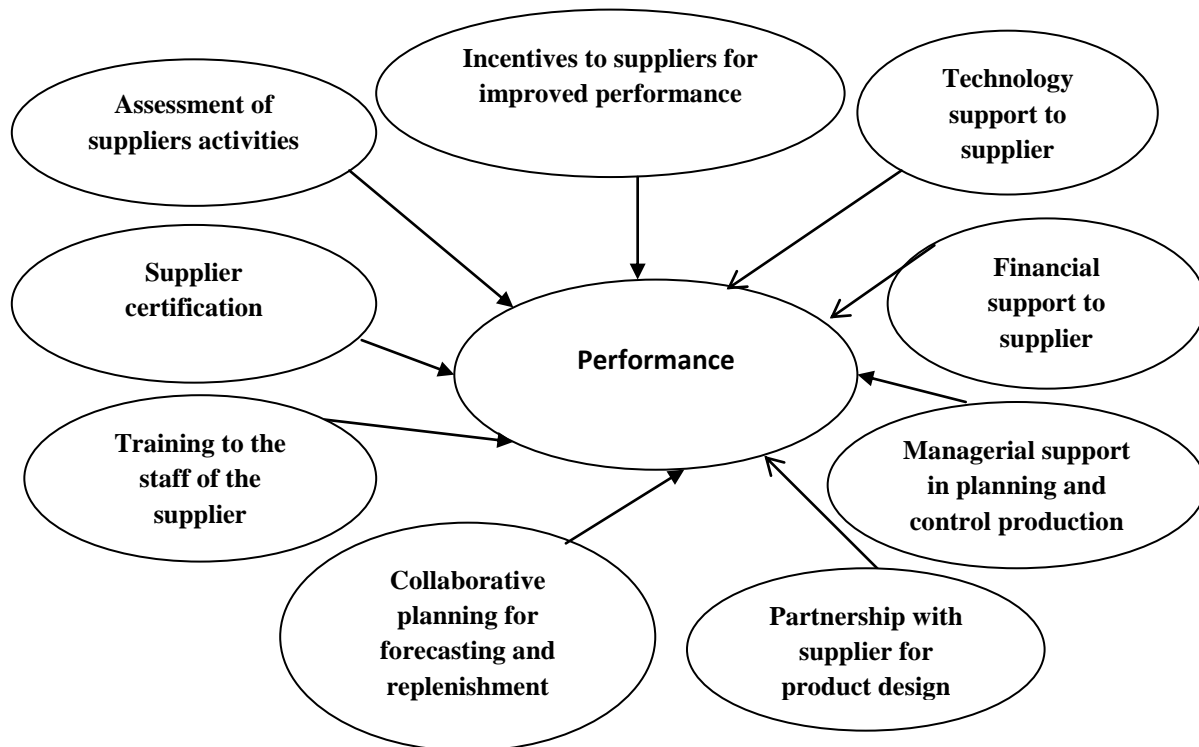


Figure1. Framework for Study

3. METHODOLOGY

A questionnaire based survey has been used to get opinion from different manufacturing organization. First pilot survey and then main survey has been done. Different issues related with supplier development practices were analyzed on a five-point Likert scale (1 – lowest, 5 – highest). Results obtained by survey were analyzed by using different statistical tools such as correlation etc.

4. RESULT AND DISCUSSION

From review of literature, experts' opinion and pilot survey, author has identified nine factors for supplier development. Assessment of supplier activities, supplier certification, providing incentives to suppliers for improved performance, providing training to the staff of the supplier, technology support to supplier, financial support to supplier, managerial support in planning and control of production system, close partnership with supplier for product design, and collaborative planning for forecasting and replenishment are nine factors.

Results from survey on the bases of priority obtained (mean) are graphically represented in figure 2. Results from survey show that supplier certification (3.64), assessment of supplier activities (3.63) and managerial support in planning and control of production system (3.61).

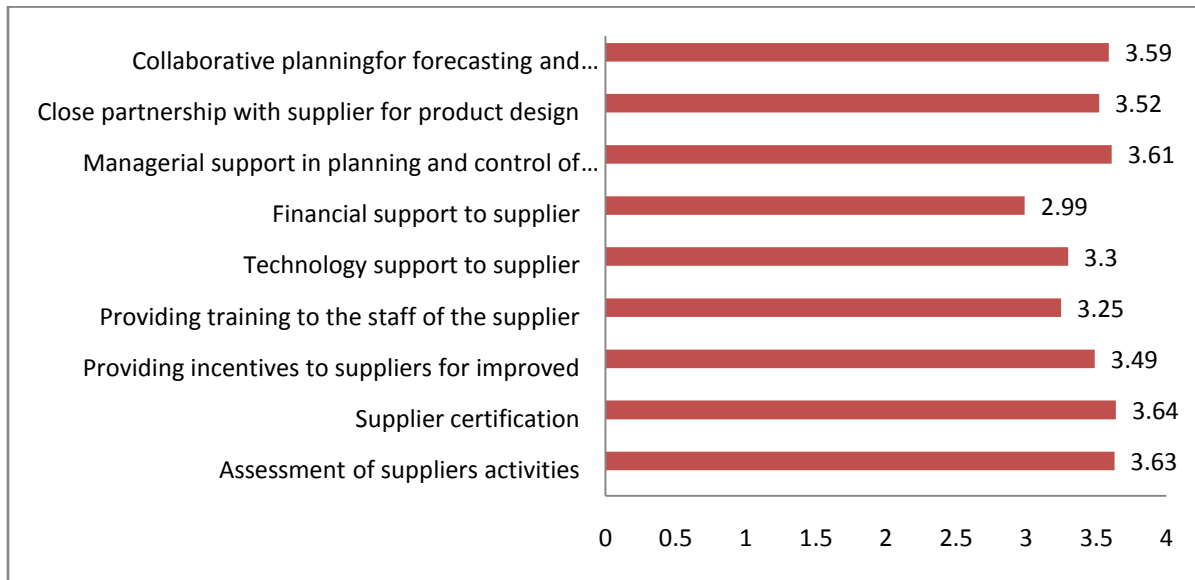


Figure 2. Supplier development practices for SCM

4.1 Correlation analysis

Correlation of supplier development practices with performance has been analyzed in section below. The results are given in Table I. Observations obtained from correlation analysis are as follows:

- Supplier development practices for SCM have denoted significant positive correlation with performance, thereby supporting the research proposition.

	1	2	3	4	5	6	7	8	9	10
Performance(1)	1	.393**	.432**	.274**	.220**	.319**	.217**	.435**	.355**	.365**
Assessment of suppliers activities(2)	.393**	1	.557**	.486**	.381**	.370**	.192**	.467**	.342**	.347**
Supplier certification(3)	.432**	.557**	1	.372**	.278**	.363**	.170**	.475**	.312**	.365**
Providing incentives to suppliers for improved performance (4)	.274**	.486**	.372**	1	.389**	.377**	.299**	.391**	.212**	.351**
Providing training to the staff of the supplier(5)	.220**	.381**	.278**	.389**	1	.520**	.376**	.426**	.191**	.261**
Technology support to supplier(6)	.319**	.370**	.363**	.377**	.520**	1	.473**	.484**	.304**	.463**
Financial support to supplier(7)	.217**	.192**	.170**	.299**	.376**	.473**	1	.379**	.213**	.354**
Managerial support in planning and control of production system(8)	.435**	.467**	.475**	.391**	.426**	.484**	.379**	1	.399**	.415**
Close partnership with supplier for product design(9)	.355**	.342**	.312**	.212**	.191**	.304**	.213**	.399**	1	.330**

Collaborative planning for forecasting and replenishment (10)	.365**	.347**	.365**	.351**	.261**	.463**	.354**	.415**	.330**	1
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5. CONCLUSION

The objective of this paper was to analyze different issues related to supplier development. From this study it is observed that the supplier development practices such as assessment of supplier activities, supplier certification, providing incentives to suppliers for improved performance, providing training to the staff of the supplier, technology support to supplier, financial support to supplier, managerial support in planning and control of production system, close partnership with supplier for product design, and collaborative planning for forecasting and replenishment have significant correlation with performance. From study, selective observations are discussed below:

- Supplier certification, assessment of supplier activities and managerial support in planning and control of production system are main three supplier development practices in Indian manufacturing organizations.
- Supplier development practices have denoted significant positive correlation with performance of the organization.

Observation of study has important implications for industries and academia. Major implication is that Indian organizations should develop their suppliers and maintain long term partnership with them. Researchers can analyze supplier development issues developed countries scenario.

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