

# Supply Chain Management (SCM): A Critical Study of Literature Reviews to Analyse the Critical Factors of Success in The Competitive Market in India

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## **Abstract:**

Supply chain management (SCM) is one of the vital fields for the firms mainly operating in the manufacturing sectors. It is a tool of competitive advantage for them to compete with others firms in the same field. The literature review had done on the different research papers from all over the different parts of the world to come on as consensus that firms must pay attention to the success factors in future. This research paper concluded with critical success factors. India may use factors in their firms in excelling with high pace in operations of logistics.

**Keywords:** SCM, Competitive advantage, Critical success factors

## **Introduction:**

Last few decades had witnessed the change in the tradition of purchasing and logistics into more advanced and strategic thinking in reference to the material and management of distribution. All these things are known as supply chain management. For the proper definition of SCM last 20 to 30 years have seriously worked on the basic parts of the SCM to have common consensus on the issues.

Author Mentzer et al. (2001) defined SCM as “set of three or more entities directly involved in the upstream and downstream flow of products, services, finances, and information from a source to the customer”

“The systematic, strategic coordination of the traditional business functions and the tactics across these business functions within a particular company and across businesses within the supply chain, for the purpose of improving long term performance of the individual companies and the supply chain as a whole”.

SCM passed through evaluation process as firms are growing in size and to achieve the economies of scale under the various trade liberties all over the world to get lowest methods of inputs and expand the source markets for the firms. Using new concept of managements the CSM has taken advantages of the strategies in the business environments all over the world. The performance of the SCM is quite increased due to the factors emerged during the past few decades. Firms are adopting various methodologies of business improvements to enhance or improve the performance of the business.

Manufacturers and SCM researchers have noticed number of serious problems of the SCM activities during their practice and research. An integrated approach which is purely focused on the issues is

required for the solution of the problem faced by the concerns. SCM is implemented successfully to break the barriers of both internal and across the firms supply line. SCM success is associated to the empowerment and knowledge sharing at each step for the continuous improvement of the network of linkages.

SCM may face difficulties due to lack of same purpose, hidden and multiple aims, disproportionate power sharing, procedures and culture, conflict of accountability and autonomy, extra dependency, shortage of openness and a kind of opportunistic behaviour.

Firms through SCM are focusing to increase competition, better customer relationship and increase revenue and profitability. In view of these firms employ different improvement plans for both internal and external to apply defensive and offensive strategies. SCM incorporates the combination of manufacturers, distributors and customers basically to have main focus on the flow of material, finance and both side information through the use of resources both physical and human. Role of managers are important in keeping the views of SCM why, what and how to manage the things to get the better things from the organization point of views.

For the deep research in SCM one must investigate the types of nature their interrelationship and nature of dependency in the business operations. The insights of the managers are very much important for the deep research and successful flow of the SCM. Firms may make roadmap for the implementation & adoption of SCM challenges. Assessment by step by step of all business operations may surely assist the firms to understand the current nature of SCM. The issues like outsourcing, adoption of information technology and method of hiring third party logistics must be answered for the betterment of the SCM.

It is felt that the firms have to share the information of the partnership with the suppliers so that all initiatives may work in the positive direction. Mutual understanding and trust is required in the entire SCM for the sharing of important information to make it more robust and dynamic. Due to the topics like globalization and liberalization in the trade, the medium of supply is more relevant and important due to internationalization among the consumers and producers of SCM. Due to trade barriers abolition, the competition becomes more vibrant and effective among the firms. Distribution becomes main cause of concern for the development and growth of the firms all over the world using SCM.

Research produces evidences that the SCM is helping in financial performance and enhancement in the operation performance of the firms. The role of information technology, customers' relationship and quality of information is very much important for the success of SCM all over the India as well as in the other part of the world.

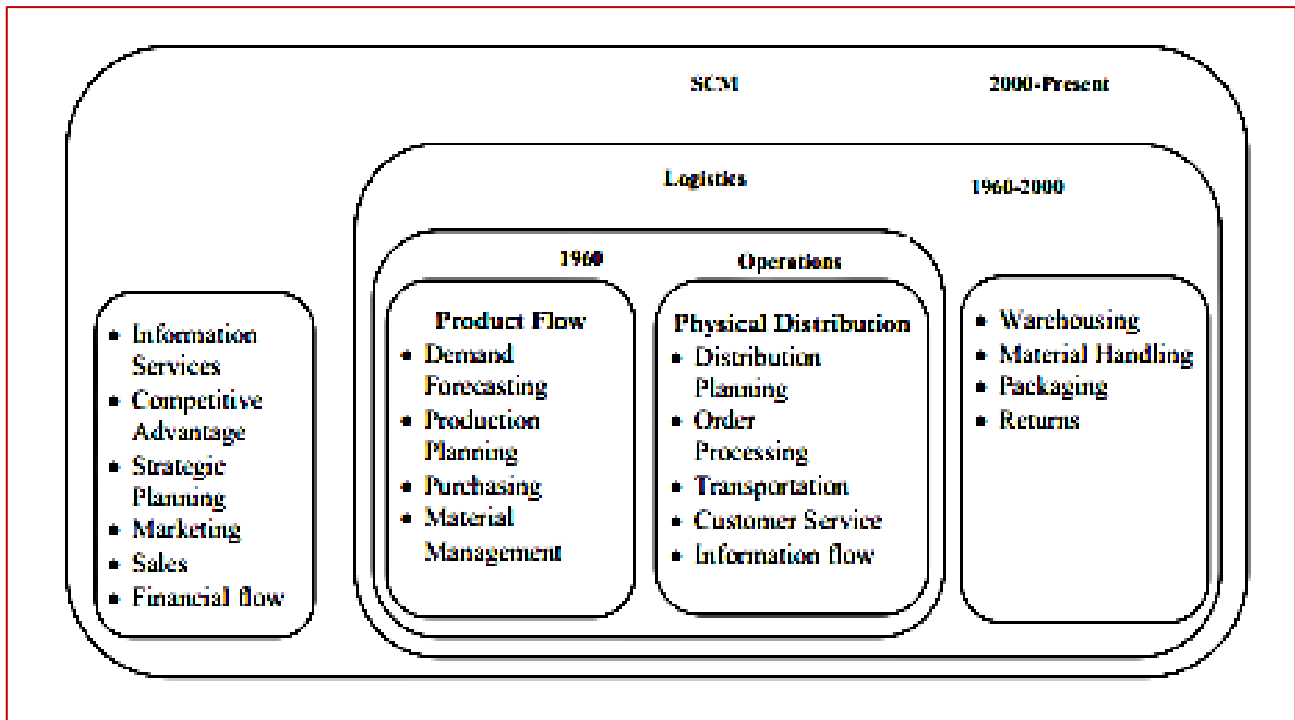
### **Literature Review:**

**Chuni Wu(2008)** analysed the factors like condition of the organization, management of supplier relationship, management of customer relationship on the knowledge creativity with the use of different modes like social, external and internal(SECI) through interview method by the responses of manufacturers of electronic fields like IC and TFT-LCD. The various critical factors helped to generate knowledge creation in the SCM for the countries and particular areas. Performance of SCM had increased tremendously and effectively and profit and revenue increased drastically. SCM had changed from static to dynamic stage. A broadly implemented strategy of SCM for the particular manufacturer of nation is best ways to tackle the harsh and fierce competition so that maximum values are associated with the products and services. Innovation strategy is the best and vital for the SCM and for the firms. Innovation requires sharing of new knowledge for exceling in the performance.

**Shilpa Parkhi et al (2015)** found that SCM is a way of increasing the use of business process and make it at most resilient, agile and competitive. It is improving the competitiveness of product and service. This paper covered the future aspect of SCM and detailed definitions of the SCM of various experts from classical to advanced stage. Some of the definitions of SCM are as follows:

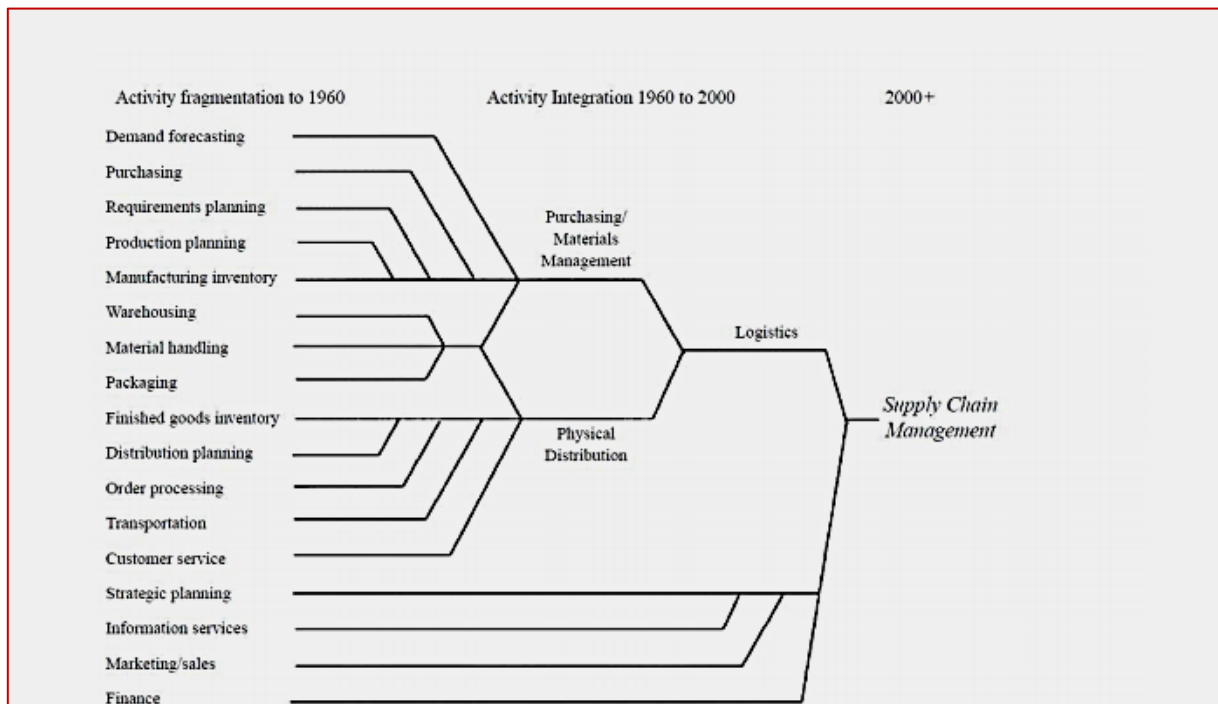
References	Definitions
Chang et al. (2013)	Supply chain management now has a new strategic dimension to it which is e-procurement.
Dubey and Ali (2013)	Supply Chain Management may be defined as the management of upstream and downstream associations with vendors and customers to provide better customer value at least cost to the supply chain.
Machowiak (2012)	SCM is a methodology of improving the business processes, making them more resilient, more agile and as a result, more competitive. The main function of SCM is to improve the product or service competitiveness.
Randall and Mello (2012)	Supply Chain Management incorporates supply and demand management inside and across companies.
Dubey et al. (2012)	Supply Chain Management as a concept manages the flow of material, information and funds end to end i.e. from upstream to downstream members. It also deals with the disposal of material after consumption as per the environmental norms. SCM tries to achieve this at the lowest cost with maximum efficiency.
Melnyk et al. (2009)	The definition that "SCM is primarily responsible for managing the buying as well as managing the flow of orders and information" is no longer valid. Today all the related aspects such as improving customer service, mitigating supply chain risk, reducing wastes, improving new product design process and enhancing product service quality are treated as an integral part of supply chain management.
Parkan and Dubey (2009)	In INDIA, supply chain cost can be divided in two main categories: a) Distribution cost: which is generally logistics cost b) Inventory value and inventory holding costs: which mainly consist of cost of inventory and cost of keeping inventory in storage location
Wadhwa et al. (2008)	The challenge of SCM is to identify and implement strategies that minimize cost while maximizing flexibility in an increasingly competitive and complex market.
Vachon and Klassen (2007)	Supply chain management is increasing its dimensions. Being efficient is not enough; Companies are now looking for sustainable and environmental friendly supply chain.
Sachan and Datta (2005)	SCM should not be studied alone and its interest should not be only industrial development. Concepts such as market orientation, relationship marketing should be studied with SCM. There is a need of new boundaries of SCM which can incorporate all these concepts into SCM.

After going the different papers of SCM and operation management detailed map of evaluation and concept. Paper elaborated and discussed the strategic purchasing, long term relationship and Engineering at the maximum level. From time to time different SCM theories were generated and accepted by the firms.



This study revealed the interested outcomes from the different papers reviewed for the better understanding of SCM for the firms and pointed that role of management is crucial for the smooth running of the SCM.

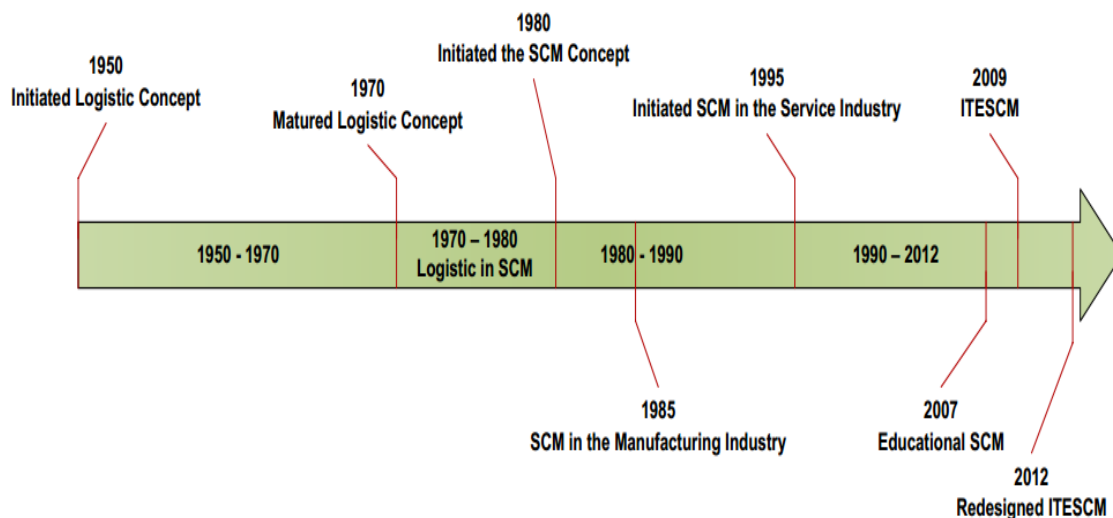
**Gentjan Mehmeti (2015)** had extensively studied that different literature on SCM about its evaluation and mentioned about the different factors affecting it. Paper is divided into four stages as per evolution of SCM viz. before SCM stage, Creation of SCM stage, integration stage and final is stage of globalization. This paper used the evaluation model for depicting the various stages of SCM as follows:



Last section deals in major factors that have affected the SCM evaluation these factors are cost reduction; increasing global competition, increasing efficiency & performance; amalgamation of liberalisation and globalisation, increase retail power and increasing focus on customer retention and satisfaction.

**Kevin Burgess et al.(2014)** opined that SCM had been connected through the knowledge received from the different functional areas. Firms are doing the efforts to set the organization robustness. More and definite consensus are gathered for the research based on the conceptual and methodologies. Hundred (100) articles were taken for this paper for the systematic study of the concept. This is new field emerged and several other fields are connected with SCM. More lacking is on the definition of the SCM. SCM is focusing on the manufacturing industry and framing of the concept process is important and prevailing. SCM research methods are more predominant for the success in future. Several case studies and empirical papers are required for the practical purpose. Economies of scale, transaction cost and competitive advantage are the concern of respective SCM. SCM may be associated with the different discipline, tradition of intellectuals, perspective of practical and trends of history. Analyses of contents are important from the tabular data entered after the interview taken from the respondents. Acceleration in the supply of knowledge will surely invest the scare resources available in the SCM concepts and practical aspects.

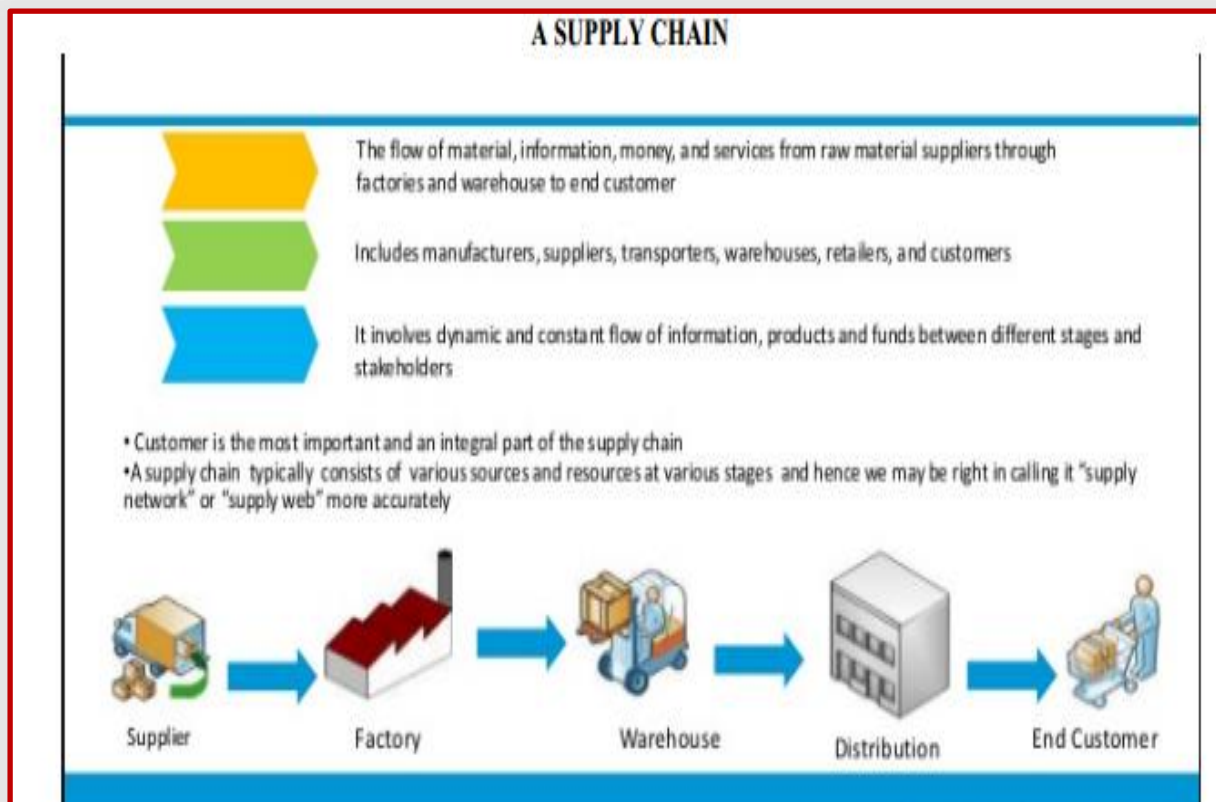
**Mamun Habib (2014)** presented through his paper about the chronology of SCM in the areas of manufacturing and services of the concerned firms.IT are about the theory and implication in the future in the frame particular to time by the suitable examples. SCR remained a tool of sustainable growth and profit in the past decades. Due to association with the different fields SCM enjoys the success path after the managerial implication. This paper demonstrated the educational SCM as industry of services as an application. Model called ITESCM was generated and tested through SEM. This model took the stakeholders of SCM through the appropriate strategy to check the performance for the fulfilment of the goals.



493 respondents were taken part from teaching and non-teaching staff, employers, industry experts and administrators, graduates etc. Hypotheses were tested to link the management of education and

management of business. It had given managers an opportunity to apply SCM in the field of education and academic.

**Khairi Kleab(2017)** proposed that SCM is really approach of cross functional that is of managing the movement of materials into the firms after processing internally it becomes finished goods that goods are delivered to the end customers of the process. Firms are focusing to the core competency and become more flexible in reducing the ownership of material and channel distribution. Some firms are doing the same work through outsource for the better service and cost effectiveness.



During this century professional of SCM had expected to improve the efficiency and effectiveness by applying the knowledge and capacity to maximum profit for the firms and concerned companies. There is a critical trade-off between internal and external functional areas of the firms. All firms must either small or large have to give value based proposition. This has increased the value of professional of this field based on global or regional types of firms and nature of the sectors across the boundaries of the nations.

**Vishal Parmar and H.G.Shah (2016)** had opined that there are many barriers in SCM especially in manufacturing sectors after studying the different literature systematically over last past 10 years. They identified twenty three main barriers so that SCM may be implemented and have a topic of research for academics. They proved that SCM may help the organizations growth & performance. SCM is still in the developing stage and academic and industrial practitioners are using different models for the growth and development. SCM is generating competitive advantages for the firms. It will reduce the value of

inventory, increase the information accuracy and share the information for the mutual understanding among the stakeholders. Firms are facing the various hindrances from both internal and external environments of the SCM.

Some of the barriers are “unclear organization objective, Lack of top management commitment and support, Short-term decision-making perspectives, Lack of information technology, Poor ICT structure, Lack of education and training to employee and supplier employee, Lack of necessary tools management skills and lack of motivation and employee involvement”. Important aim of the firms is to satisfy the customers demand at the right time. Researchers and practitioners should pay attention during the implementation for the firms. There is a need to concentrate on these barriers more cautiously during implementation in their organizations for the SCM.

**Aziz Muysinaliyev and Sherzod Aktamov (2014)** had argued that SCM over last few decades had found important role in the performance of the firms and attraction level had increased attention on the research. From the year 2005-2015, a total of 29 papers were reviewed on the study to the recent topics of SCM concepts. Firms are addressed for the increasing customer attraction and cost of operation in this era of competition. Firms are fulfilling the customers demand with different options, varying styles and different features through fast delivery system.

Firms like Lenovo, Dell etc. are using management tools of performance to support SCM in case of performance and improvement of the services. This performance system of management may include the processes like “identifying measures, defining targets, planning, communication, monitoring, reporting and feedback”. If firms may try to learn management of improving the SCM definitely become leader in the global market. SCM had continuously improved itself over the period of time. This research study had focused the importance of conceptual model for critical study on the SCM.

**David Swanson et al.(2018)** had reviewed topics based on the logistics & SCM theories which were applied to understand SCM as discipline. This research paper took extreme efforts to find out the aspects which were based purely on the models of different theories of SCM. The paper argued for the better future research incentives using the present set of varying theories. Review was based on SLR known as structured review of literature on the topics of logistic & SCM from the year 1991-2015 based on purpose, topics and year of publication. Details of these papers showed the intentions of the research and outcomes of the papers. With the passage of time how the topics changed and evaluated were exclusively expressed in the research paper. Paper indicated that the logistic and SCM growth were initially without any sufficient research.

**Jinesh Jain et al. (2010)** opined that the role of SCM is significant in the performance of firms and attracted the attention of the researchers over last few decades. Quantum of research had revealed major spurt in both theory as well as practical in the field of SCM. Due to integration of supply and management, this extended subject is moving in the new era of excellence and development. This study had used number of different research papers on the basis of publications in different journals. Total 588 research papers were chosen from 13 journals of academics in nature using the 05 methodologies viz. “Exploratory, Normative, Methodology, Literature Review and Hypothesis testing”. This study suggested that exploratory research was major concern and preferred and when SCM will mature

hypotheses research will be at utmost importance. Content based analysis was done some of the contents are as follows:

S. No.	Era	Description
1	Creation Era	The term supply chain management was first coined by an American industry consultant in the early 1980s. However the concept of supply chain in management, was of great importance long before in the early 20th century, especially by the creation of the assembly line.
2	Integration Era	This era of supply chain management studies was highlighted with the development of Electronic Data Interchange (EDI) systems in the 1960s and developed through the 1990s by the introduction of Enterprise Resource Planning (ERP) systems.
3	Globalization Era	This era is characterized by the globalization of supply chain management in organizations with the goal of increasing competitive advantage, creating more value-added, and reducing costs through global sourcing
4	Specialization Era Phase - One Outsourced Manufacturing and Distribution	In the 1990s industries began to focus on “core competencies” and adopted a specialization model. Companies abandoned vertical integration, sold off non-core operations, and outsourced those functions to other companies.
5	Specialization Era Phase Two - Supply Chain Management as a Service	Specialization within the supply chain began in the 1980s with the inception of transportation brokerages, warehouse management, and non asset based carriers and has matured beyond transportation and logistics into aspects of supply planning, collaboration, execution and performance management.
6	Supply Chain Management 2.0 (SCM 2.0)	Web 2.0 is defined as a trend in the use of the World Wide Web that is meant to increase creativity, information sharing, and collaboration among users.

The researchers of this study felt that use of more information technology would take SCM to the new heights and information sharing is better option for the firms to compete with the others firms of the same nature.

### Critical Success Factors for Indian Market:

After the detailed study of the research papers it is pertinent to discuss the important points of success of SCM from its inception. The points are as follows:

- **Customer Segmentation:** Firms should create segments of Customers to fulfil their needs of the particular segment through SCM and earn consolidated profits.
- **Customized Logistics:** Companies should focus on the services of the logistics based of the customers’ needs so that particular segment may go for the profitability.
- **Coordination:** Firms should coordinate between signals of the markets and demands to align the SCM for the maximum and consistent allocation of the resources and forecasts.
- **Differentiation:** A complete strategy is required for the product differentiation aligning to the customers and need speedy conversation for the SCM.
- **Management of Resources:** All strategic planning of resources is mandatory in the SCM so that the cost of material and service ownership may be reduced to the minimal level to benefit the customers at the larger perspective.
- **SCM Technology:** Usage of information technology by the firms should be more for the flow of information in the channels of SCM. The process of decision making is quite easy and picture of flow of product, service & information is smooth and constant



- **Feedback Mechanism:** Adoption of measuring the performance of SCM is very important to fill the gap and reaching to the end user atmosphere efficiently & effectively. More focus should be on the activities “demand planning, sourcing, assembly, delivery, and information sharing) within and across organizations.”
- **Standard Training:** Standard training at the regular interval is mandatory for the staff and supplier for the proper modification with the pace of the time. Firms must set up training centres for providing efficient and effective training methods.
- **Reduction of barriers:** Well-designed strategies are required for the reduction of the barriers to give pace to the SCM process at all levels. These barriers may be like “Strategic, Individual, Organizational, Technological, Cultural”

### Conclusion:

It is pertinent from the deep study of the research papers on the Supply Chain Management (SCM) that the role of SCM is very critical and important for the progress and development of the business, firms and ultimately nations. The development and progress of SCM is a continuous process which must be seen and checked closely. Authors from different part of the world have agreed on the facts that SCM is backbone of the business and profitability in the business by the firms is how the firms are making themselves prepared dynamically for serving the customers in better way.

In Indian perspective, various success factors are discussed in detailed way to suggest the firms and companies to stick to the guidelines for the success of SCM.

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