



Analytical Study of Supply Chain Management in Organized Retailing with Special Reference to Udaipur Region

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Abstract Supply Chain Management (SCM) has become a key element for business success. SCM is considered to be one of the most important areas for development for meeting the demand of globalization. Efficient and fair supply chains results in stable networks and common relation between input suppliers, producers, processors, traders and retailers. In recent years, crucial growth has made in supply chain and networks. Retail is one of the important sector has going through transition phase. Retail sector in India is largely unorganized. The vast amount of market is remained untapped in India. Modern organized retailing has huge potential for business in India. Indian retail market is largely dominated by the traditional format of ‘Kirana’ or ‘Mom & Pop’ stores. Now there is paradigm shift from the traditional (unorganized) to modern (organized) retail. This organized retail sector presents a unique opportunity as consumption driven economy in India to the investors across globe. A well supply chain management in organized retailing becomes important for survival of organized retailers. SCM cuts down costs and sustains profits. Today government has allowed FDI in organized retail also. In this era, modern supply chain helps in reducing the inventory in supply chain, avoiding bullwhip effect, improving supply chain cost efficiencies and maximizing the visibility of supply chain resulting in substantial tangible business improvements. In this research paper attempt has made to find out the importance of supply chain management in organized retailing with reference in UDAIPUR region.

Keywords Supply Chain Management (SCM), Organized Retailing, Unorganized Retailing, Globalization, FDI

Introduction

The definition of “supply chains” seems to be more common across authors than the definition of “supply chain management” [Cooper 1993; La Londe 1994; Lambert 1998]. La Londe proposed that a supply chain is a set of firms that pass materials forward. Normally, several independent firms are involved in manufacturing a product and placing it in the hands of the end-user in a supply chain — raw material and component producers, product assemblers, wholesalers, retailer merchants and transportation companies are all members of a supply chain [La Londe 1994]. By the same token, Lambert et al. define a supply chain as the alignment of firms that brings products or services to market. Note that these concepts of supply chain include the final consumer as part of the supply chain. Another definition notes a supply chain is the network of organizations that are involved, through upstream and downstream linkages, in the different processes and activities that produce value in the form of products and services delivered to the ultimate consumer [Christopher 1992]. In other words, a supply chain consists of multiple firms, both upstream (i.e., supply) and downstream (i.e., distribution), and the ultimate consumer. Retail trade has emerged as one of the largest industry contributing to employment generation, revenue generation, increased turnover and many more. Organized retailing is showing signs of enormous creativity. With the FDI in organized retailing the SCM becomes important. It is going to play a vital role in the



development of organized retailing. Effective and efficient supply chain can acts as a greatest assets to sustain the organized retailing for ready inflow of goods and services.

Suppliers, factories, warehouses, centres and retailers constitute the supply chain network through which raw material acquired, transformed into goods and delivered to customers to satisfy their needs. To increase the efficiency and effectiveness of organized retailers, coordinated efforts of SCM is important. Supply chain management practices help the organized retailer in averting potential stocks, space planning, staff needs, placing realistic orders. SCM always assures that products are available Right Time, Right Place, Right Price in Right Quantity of Right Quality to the Right Customer.



Figure 1: SCM keywords (Source:<http://thumbs.dreamstime.com/z/supply-chain-management-chart-keywords-icons-49270619.jpg>, Accessed date 25/11/2015)

Objectives of study

- 1) To study the role and importance of supply chain management in organized retailing.
- 2) To suggest some fine measures for effective supply chain management in organized retailing.

Hypotheses of the study

- 1) The effectiveness and efficiencies of services in retailing are dependent on the supply chain management
- 2) A strong supply chain management improves the effectiveness and efficiencies of services in retailing

Literature Review

For the literature review researcher used the Funnel method of structuring effective literature study by

- Indian and world Scenario of Supply chain management in retailing
- Specific literature of Supply chain management in retailing
- Role and Importance of SCM in retailing



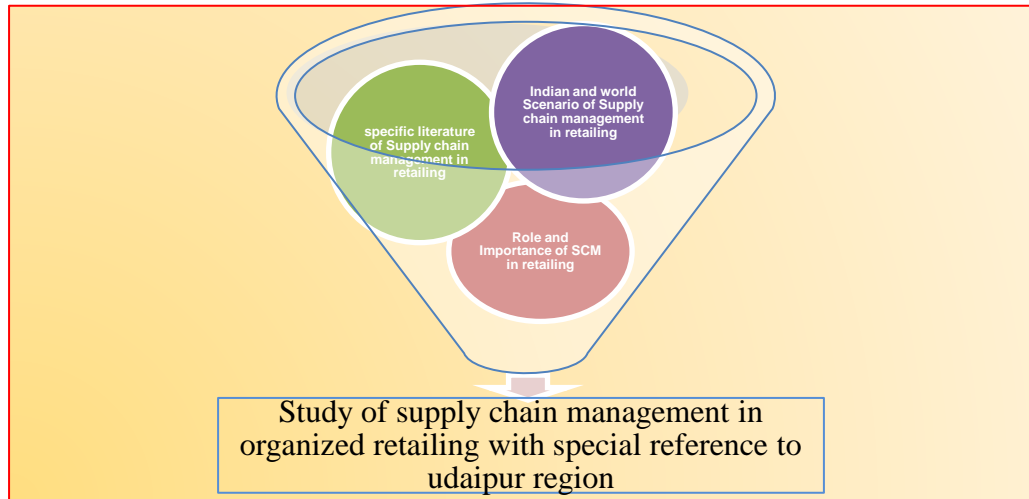


Figure 1: Funnel method of structuring for literature review

- Houlihan (1985), suggest a process for building improved and stronger upstream and downstream business linkages for improving value for the ultimate customer.
- According to Chopra & Meindl (2005), a company's supply chain strategy and competitive strategy must fit together. Competitive strategy is defined as the set of customer needs that a firm seeks to satisfy through its products and services, and supply chain strategy is defined as a determinant of the nature of materials, manufacturers of the products or certain services and distribution of products. The fit implies that both the strategies should have same goals.
- Liao and Hong (2007) addressed critical issues to establish an effective supply network in global supply chain network. In the study, supplier portfolio model had been used to cluster around the supplier based on key- factors, labour ratio and cash ratio.
- Smith (2003) portrayed that an additional use of integrated spreadsheets allowed analysis of logistics and supply chain issues from different perspective effectively.
- Shapiro (2002), stated data driven mathematical models plays a crucial role for managers in effective decision making. Commodity supply chain, which possesses multi commodity purchases, targeting cost through reduction in administrative and processing cost has been considered as an opening for study. The main objective of commodity supply chain has been attaining a value for money accountability. Value for money has been considered to ensure use of funds productively. Accountability has been considered to promote cost effectiveness in administrative and research area, thereby creating a rational modeling commodity supply chains.
- Mentzer et al (2001), argue that there is a necessity to extend SCM to other supply chains. Furthermore, SCM requires cooperation and coordination between company's business operations in supply chains. Otherwise, the stoking level variability in supply chains tends to be distorted as it moves upstream in supply chain.

Research Methodology

This is Descriptive type of Research. The Descriptive research includes Fact Finding Enquiries and Surveys of different kinds to provide data about the population being studied.

Sample size: The sample profiles from all sections of society.

Sample size of Organized Retail =26 respondents.



Primary data: Collected through surveys and questionnaire.

Secondary data: Collected from websites, books, journals, magazines, newspapers, annual Reports of organizations etc.

Sampling technique: Simple Random sampling

Research Instruments: Observation and Questionnaire.

Geographical Location: UDAIPUR District (Urban), Maharashtra state.

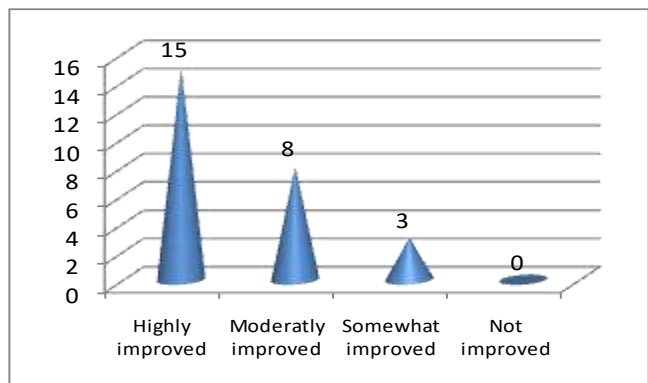
Statistical Tools and Techniques to be Used

RxC contingency Chi-Square Test has been use for the testing relationship between the effectiveness and efficiencies of services in retailing and supply chain management. For data analysis purpose researcher used statistical software like as **SPSS** (Statistical Software for Social Science, Version 20.0) and **MS- Excel**. Using statistical software researcher computed descriptive statistics. Using MS- Excel researcher drawing the graphical representation of his study to better know the trend or effectiveness and efficiencies of services in retailing and supply chain management.

Data Analysis and Interpretation

1. What is impact on efficiencies and effectiveness of services of retails due to supply chain management?

	Out of 26	%
Highly improved	15	58
Moderatly improved	8	31
Somewhat improved	3	12
Not improved	0	0
Total	26	100

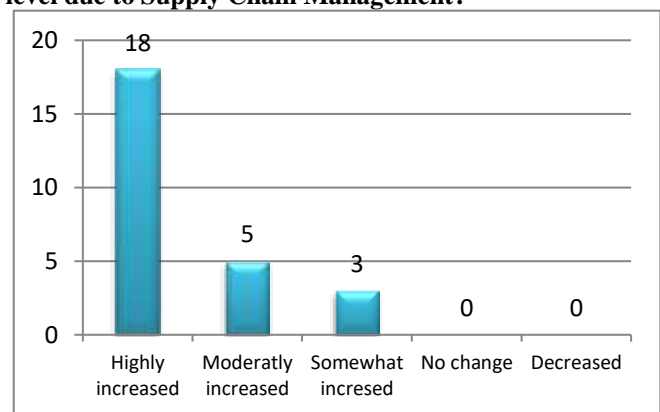


Observations

In the above figure the impact of efficiencies and effectiveness of services in retails due to supply chain management are highly improved by 58%. Also it is moderately improved by 31% and somewhat improved by 12 %.

2. What is the impact on Customer satisfaction level due to Supply Chain Management?

	Out of 26	%
Highly increased	18	69
Moderatly increased	5	19
Somewhat incresed	3	12
No change	0	0
Decreased	0	0
Total	26	100

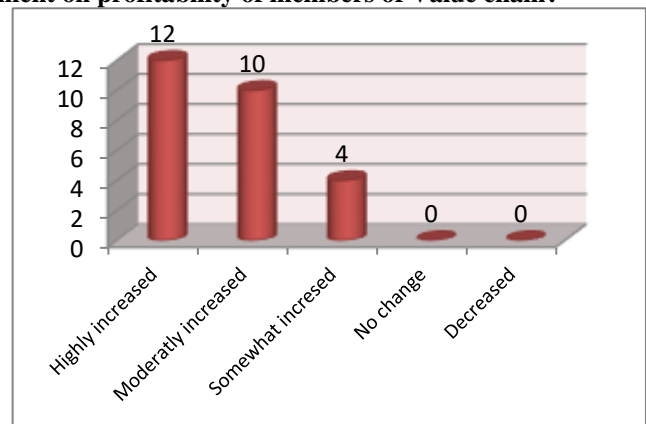


Observations

In the above figure the impact on Customer satisfaction level due to Supply Chain Management are highly increased by 69%. Also it is moderately increase by 19% and somewhat increased by 12%.

3. What is the impact of Supply Chain Management on profitability of members of Value chain?

	Out of 26	%
Highly increased	12	46
Moderately increased	10	38
Somewhat increased	4	15
No change	0	0
Decreased	0	0
Total	26	100

**Observations**

In the above figure of impact of Supply Chain Management on profitability of members of Value chain are highly increased by 46%. Also it is moderately increased by 38% and somewhat increased by 15%.

Statistical Hypothesis to check dependency between supply chain management and effectiveness of services in retailing

H₀: The effective and efficient services in retailing are not dependent on supply chain management

Against

H₁: The effective and efficient services in retailing are dependent on supply chain management.

Note: Strongly agree= "1", Moderately agree= "2", Neutral= "3", Moderately disagree= "4", Strongly Disagree= "5"

Observed Frequency Table

Sr. No	Strong SCM has	1	2	3	4	5	Total
1	Increase the effectiveness	16	8	1	1	0	26
2	Increase the efficiency	13	7	3	2	1	26
3	Reduce the effectiveness	0	1	0	6	19	26
4	Reduce the efficiency	0	0	1	5	20	26
	Total	29	16	5	14	40	104

Expected Frequency Table

Sr. No	Strong SCM has	1	2	3	4	5	Total
1	Increase the effectiveness	7.25	4	1.25	3.5	10	26
2	Increase the efficiency	7.25	4	1.25	3.5	10	26
3	Reduce the effectiveness	7.25	4	1.25	3.5	10	26
4	Reduce the efficiency	7.25	4	1.25	3.5	10	26
	Total	29	16	5	14	40	104



P- Value Table

S. No.	Strong SCM has	P-Value
1	Increase the effectiveness	0.00002633
2	Increase the efficiency	0.00123232
3	Reduce the effectiveness	0.00037392
4	Reduce the efficiency	0.00020574

Decision Criteria

The chi-square test is for testing the null hypothesis, which states that there is no significant difference between the expected and observed result. If p- value is less than or equal to the level of significance i.e. alpha is less than or equal to 0.05 then researcher may reject the null hypothesis i.e. Ho. Otherwise researcher may accept the alternative hypothesis H₁.

Interpretation

In above table of p-values researcher notice that the all of the p-value is less than smallest level of significance i.e. 0.05 so that researcher may reject the null hypothesis Ho and may accept the alternative hypothesis H₁ means that The effective and efficient services in retailing are dependent on supply chain management. If the supply chain management is strong then the retailing services can grow rapidly.

Conclusion

There is huge potential for the growth of organized retailing in India. In this era of globalization, there is increased focus on supply of good quality products to the end customers. Supply Chain Management plays an important role in organized retailing. By using supply chain management practices each and every nock and corner can be reached easily. Thus, with help of Supply Chain Management in organized retailing, retail industry can become the next boom industry in India.

Suggestions

- There should be proper linkage of supply chain from producer to retailer.
- Flow of the material should be continuous.
- Proper payment system should be developed so that every member in the supply chain
- Should get the payment in regular time interval.
- Company should focus to improve supply chain performance. It will helpful to increase efficiency and effectiveness of services in retail

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