

Supply Chain Management Concepts

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ABSTRACT: *Supply chain management is the management of the flow of goods and services and includes all processes that transform raw materials into final products. It involves the active streamlining of a business's supply-side activities to maximize customer value and gain a competitive advantage in the marketplace. SCM represents an effort by suppliers to develop and implement supply chains that are as efficient and economical as possible. Supply chains cover everything from production to product development to the information systems needed to direct these undertakings*

KEYWORDS: *Emerging economics, Management, Supply chain, Supply chain management, Production system.*

INTRODUCTION

Because of the current economic conditions and globalization, supply chains (SCs) are highly dynamic, and it has become a demanding challenge to create, coordinate and communicate with the SC. Due to growing environmental and social issues, a shift in emphasis between business level and SC level is required and even corporate objectives need to be matched with sustainability targets. In order to meet the sustainable targets, all SC stakeholders must work together[1]. Until such regulation has been implemented, companies are unable to adhere to environmental requirements. Sustainable projects are calculated in a separate manner from organization to organization. SC functions greatly lead to sustainability, and sustainable projects without the SC management role cannot be seen from a life-cycle standpoint. Identify and impact actions affecting the design, oversight, process creation, operational framework, and know-how and communication structure in institutional components in the literature for the Supply Chain Management (SCM) field[2]. But the elements of the actions of SCs that are management strategies, guiding, risk management, incentives and appreciation, tradition, role and faith and interaction are less identifiable and therefore more difficult to synchronize. In the recent literature available, the principles of sustainability have become one of the major trends in SCM. The present review of literature includes assessment of SCM policies with a triple bottom line orientation[3].

The subject of concern for a variety of research publications in both qualitative and quantitative fields has been Sustainable Supply Chain Management (SSCM). Sustainable companies have an immense amount of pressure to be able to maintain the current SC, owing to recent global developments, shifts in the industry, confusion about demand and economic difficulties. Sustainability issues must be integrated into the key functions of the SC, including the acquisition, processing, delivery, packaging, transporting, utilization, recycle and disposition. To concentrate solely on SC's internal efficiencies, the comparative edge would be inadequate[4]. As sustainable ideas are incorporated into the core operations of a SC business, a strong market place in the global sense is obtained. The transfer of traditional SCM to SSCM puts enormous pressure on companies to adjust their existing SC to accommodate the current sustainable needs. SSCM is a method of management integrated by natural, social and economic aspects[5]. The diversity of consumer demand, complex product components and global competition gave rise to strong domestic competition among firms. In order to discriminate between businesses and their contemporaries SSCM develops the best skills[6].

LITERATURE REVIEW

1. Supply chain management concept:

Different scholars have viewed SCM. On the basis of the comparatively recent advances in supply chain literature, the debate on a particular SCM concept is not unexpected. SCM as a network of facilities and storage options conducting the tasks of content sourcing, converting these products into intermediate and completed materials, and delivering them to the customer. SCM is an aggregation activity that includes an intermediate product supply and then final goods among a network of installations that acquire raw material

and distribute products to clients through a delivery chain[3]. The supply chain as a network of entities engaged in various processes and practices across upstream and downstream linkages that create value in the shape of the final customer's goods and services. In order to enhance the long-term efficiency of specific firms and the supply chain in general, SCM offers a 'strategic and comprehensive alignment of conventional business functions and strategies through those corporations' within a single company and among the businesses in a supply chain." While the segregation from the supply chain industry between separate organizations makes experience and size reductions, certain core problems and issues need to be addressed in order for the supply chain to work effectively – which is SCM's main objective[7].

2. Best Value Supply Chain:

Most analysis aims at identifying optimal operational management strategies in today's economic environment and best-value supply chains are the most likely to succeed in this competition. Best value supply chains use Strategic management of the supply chain to achieve consistency in speed, efficiency, expense, and flexibility. While this definition is of importance to modern businesses, there is little understood as to how popular hypotheses tend to explain how these chains differ from others and how extremely successful they are. When analyzed from a number of important analytical viewpoints, the idea of best value supply chains can be simpler and deeper[8]. The authors have demonstrated implications of nine prominent theoretical perspectives for the best value chain concept: cost-economic transaction, theory of agencies, theory of resource dependency, and theory of institutional resources, game theory, theories of networks, social capital theory, strategic choice and resource-based perspective/science. On our own we can say that prior to elaborating on the nine theories, it is important to state that a number of other theories can also help explain supply chain phenomena (e.g., behavioral theory of the firm, punctuated equilibrium, industrial organization, contingency theory, evolutionary economics, and population ecology)[9].

A recent analysis of the major uses for the word "value" in the fields of economy, marketing, policy, and operations suggests that, although commonly used, the notion of the value chain is still misnomer able. According to this review, the chain of ties between companies is focused on resources only, supply goes one direction and capital goes another, and worth is metaphysically perceived efficiency correlated with the advantages that exist at different exchange points in the resource chain[10]. According to the study, the value is perceptive and produces for all sides, manufacturers and consumers, in terms of the flow of capital. Valuable chains can therefore be considered to be operating in both directions, with providers gaining value from financial assets, payment terms, stability and future order cover provided by their customers and the customers deriving value from the products and services they provide.

3. Evaluation and Optimization Methods of SCM:

Over the years a variety of approaches and strategies for SCM assessment have been proposed. Traditional approaches are based on well-known financial policies such as ROI, Net present Value (NPV), Internal Rate of Return (IRR) and Return Time. The most suitable methods for calculating the importance in basic SCM applications. Sadly, appraisal approaches focused on financial metrics are not well-suited for SCM applications that have been generated later. This dynamic supply chains usually provide a wide variety of advantages, all of which are intangible in nature. Let's end with a technique that is a collection of hypotheses regarding cause and effect during consideration of strategies. If associations between cause and effect are not sufficiently expressed in the BSC, the vision and plan of the company will not be interpreted or communicated. The relationships of cause and effect may contain many or all four BSC viewpoints. For example, flexibility of service systems to meet particular customer needs (internal business operations perspective) will be more likely to meet customer expectations (customer perspective). Greater consumer demands will lead to more creative goods and services for businesses (learning and growth perspective). In exchange, the market share and profits will be raised (financial perspective).

Also, there is no question as to the value of delivering information in the supply chain and the fact that IT (particularly various internet applications) will reduce the costs dramatically, the strategic preparation and use of this mechanism is important. Both businesses in the supply chain should be supplied with information conveniently and business procedures should be organized so as to use the information in full. In the end,

customer loyalty and competition in the supply chain and sustainability as a whole will be the most critical indicators of SCM's success. However, given that they are hard to quantify or used to track progress, more organizational tools and indices have been created. More detail is possible. Total costs, quality and lead times in the supply chain are more operationally the key performance indicators. Quality survey has shown that the most often reported metrics are costs and consumer responsiveness.

The thesis explores the issue whether a contribution to a better understanding of supply chains can be provided from the field of general systems theory. When the first principle is that if organizations' supply chains should be "agile" or "fast response," simpler supply chains should be preferred to more complex ones in terms of their topology or type and nature. The second theory notes that companies must use their operation towards the control of their supply chains and commit more management capital to highly active ones than to less active ones. The third theory helps organizations, by decomposing these processes into simpler and easier-to-understand subsystems, to understand their supply chains better. In the Fourth Theory, enterprises must understand that supply chains are more complex than static, and management at both levels must also concentrate on the kinds of changes possible and the resource effects of these changes for the working of the supply chain. In order to sustain supply chain performance, frequent inspections and improvements in management practices would also be expected.

CONCLUSION

Supply chain management (SCM) is used in order to optimize consumer demand and gain sustainable strategic advantages. Supply chain management the supply chain organizations consciously strive to build and manage supply chains as quickly as efficiently as possible. Supply Chain operations include all that is needed for co-coordinating product development, procurement, manufacture and logistics and the information systems. There are two central concepts in the philosophy of supply chain management (SCM), namely that nearly any object that meets an end-user is the cumulative effort of many companies. These organizations are referred to collectively as the supply chain. The second idea is that while supply chains have existed for a long time, most organizations have only paid attention to what was happening within their "four walls." Few businesses understood, much less managed, the entire chain of activities that ultimately delivered products to the final customer. The result was disjointed and often ineffective supply chains.

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