

Perceived Benefit As Determinant Of Supply Chain Management Practices

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Academic research towards perceived benefits as the determining factor of the practices of SCM (supply chain management) proves to be essential and also a need of the hour. Since the supply chains frequently are faced with the unprecedented problems and opportunities, it is important to understand the perceptual and psychological elements of the managerial process related with decision-making. Such awareness provides a holistic perception towards SCM. Through the assessment of the way the risks as well as benefits have been perceived and the manner they affect the adoption of the practices related with SCM, the present study helps to bridge the gap amidst theoretical knowledge and practical implication of SCM. Eventually, the study highlights the significance of strategies which are driven by perception in framing sustainable, innovative and resilient supply chains.

Keywords: Supply Chain Management, Resilient Strategies, Risk Perception.

Introduction

Risk perception and risk benefits go hand in hand to shape the decisions related with supply chains. The managers mostly assess the expected benefits from particular practices, like enhanced performance in delivery, cost effectiveness or improved collaborations with the partners, prior the implementation of such practices. The organizations are encouraged towards innovation and embracement of advanced practices of supply chain through perceived benefits. Some of such practices may include collaborative planning, technologies related with digital tracking or just in time systems. Hence, balancing the perceived risks and the perceived benefits proves to be the determining factor in the adoption as well as effectiveness of the practices of SCM (supply chain management).

The practices of SCM (supply chain management) comprise of varied activities which have the purpose of coordinating, integrating and bringing about efficiency in value chain. Some of such activities include initiatives of sustainability, inventory management, demand anticipation, supplier relationship management and logistics optimization. Though such practices have been proved for their benefits, decisions for adopting or rejecting them is said to be rational. Cognitive and psychological elements like the manner in which benefits and

risks are perceived, highly affect the decisions of adoption. The connection amidst practice and perception emphasizes the need to examine the perceived risk and perceived benefits as the determining factors towards SCM practices.

Further, the technological developments like Internet of Things, AI and block-chain have led to the emergence of several opportunities and also posed huge challenges within supply chain management. Though such technologies have provided benefits like automation, predictive analytics and enhanced transparency, the decisions related with adoption of technology is often affected by perceived risks like change resistance, issues related with cyber-security and increased costs related with its implementation. This highlights the significance of knowing more about perceived benefits and perceived risk to be the basic factors which determine the development of the practices of SCM.

Also, examination of the perceived benefits offers beneficial information for the industrial bodies and the policy-makers. Industrial standards, trade policies and regulations determine the risk perception and benefit perception of the organizations, which ultimately influence the strategies related with supply chain. For example, vigorous environmental regulations have got the potential to increase the perceived risks related with non-compliance and the incentives of the government towards digital transformation may improve perceived benefits to adopt novel technologies.

Problem Statement

Perceived benefits of the practices of supply chain like initiatives of sustainability, supplier collaboration or digitalization affect the adoption of practices. Such a perspective leads to a gap amidst managerial responses and objective realities, which pave the way to sub-optimal practices. It is therefore essential to understand the way in which perceived risks and perceived benefits affect the practices of SCM, in order to align the strategies with environmental realities and organizational objectives.

Need for the study

In spite of the varied benefits of advanced practices of supply chain, the rate of adoption relies over perceived benefits of the decision-makers. By the identification of such perceived benefits, it is possible to break down the obstacles in innovation. Through the analysis of the perceptions, the firms get the potential of designing the support-systems of decision-making, training and communication which make an alignment between the managerial attitudes and the organizational strategy. The present study offers valuable data for the policy-makers, practitioners and academicians to promote innovative, resilient and efficient practices of supply chain.

Objectives of the Study

The aim of the study is to explore perceived benefits which determine the adoption of innovative practices of SCM (supply chain management).

Review of Literature

Gunasekaran, et al., (2004) stated that perceived benefits towards the adoption of supply chain management were related with the measurement of performance. Perception of benefits is made by the managers generally in the context of improvements in operational processes like short cycle times, enhanced service quality and optimum utilization of resources. The study of these authors had proposed that the organizations get motivated for adopting the SCM practices which focus over performance due to the reason that their perceptions towards long-term benefits of efficiency and tangible operational benefits.

Li, et al., (2006) studied the perceived benefits of the practices of SCM as the determinant of organizational performance. It was explored through the study that the managers had the perception that information sharing customer relationship management and strategic supplier partnership led to the improvement of competitiveness and financial performance. The authors had highlighted that benefit perceptions were the factors which determined the adoption of the practices of SCM by the firms apart from initiatives towards reducing cost or compliance.

Zhou & Benton (2007) made a study regarding the perceived benefits of the integration of supply chain. It was stated that the managers considered the integration of customers, manufacturers and suppliers to be beneficial as it has a positive effect over cost reduction and responsiveness. It was also highlighted in the study that the perceived benefits played the role of a mediator towards the justification of the investments made for integration technologies like ERP systems that are often considered to be complicated and resource-intensive.

Flynn, et al., (2010) stated that the perceived benefits with respect to supply chain integration were essential to enhance the competitive performance of the firms. The authors had explored that the organizations perceived benefits out of internal integration like aligning the functions in firms and from external integration like collaboration with the partners of supply chain. The study highlighted that the perception of managers regarding benefits increased the adoption pace, especially, when the integration is related with the strategic results like innovation and market responsiveness.

Wong, et al., (2011) examined the benefits perceived from the practices of supply chain innovation. The findings showed that the managers perceived innovations like collaborative platforms, RFID and e-procurement systems to be useful to increase customer satisfaction, efficiency and visibility. Such perceived benefits have the tendency to offset the related risk factors, thereby encouraging the firms in prioritizing the supply chain strategies which are oriented towards innovation.

Research Methodology

The study is explanatory and descriptive in nature. It is designed to study the way perceived benefits determine the adoption of the practices of SCM. Descriptive study helps to know the

present status regarding the perception of benefits made by the professionals in supply chain and the explanatory study helps to know the relationship of those perceptions with the adoption of SCM practices. Data has been collected through questionnaire. The questionnaire comprises of items related with perceived benefit and the practices of supply chain. Senior managers in-charge of operations, logistics personnel, procurement personnel and managers in the supply chain constitute the sample population. Respondents have been selected through simple random sampling. The size of the sample is 100. Analysis of data has been done through regression.

Analysis and interpretation

Regression Analysis - Model Summary Table

Model	R	R ²	Adjusted R ²	Std. Error of the Estimate
1	0.842	0.709	0.698	0.456

The table exhibits that there is a strong relationship of perceived benefits with the practices of SCM and this has been proved through the value of R as 0.842. The value of R² is 0.709 which shows a variance of 70.9% in the practices of SCM is explained by perceived benefit. The value of adjusted R² is 0.698 which proves the reliability of the model of the study.

ANOVA Table

Model	Sum of Squares	df	Mean Square	F-value	Sig. (p-value)
Regression	34.562	5	6.912	33.15	0.000
Residual	14.132	94	0.150	—	—
Total	48.694	99	—	—	—

The statistical significance of the table is proved by the value of F which is 33.15. the related p value is 0.000 (less than 0.05) which confirms that the practices of SCM are predicted by perceived benefit.

Coefficients Table

Predictor (IV)	Unstandardized Coefficient (B)	Std. Error	Standardized Coefficient (Beta)	t-value	Sig. (p-value)
(Constant)	1.024	0.112	-	9.14	0.000

Predictor (IV)	Unstandardized Coefficient (B)	Std. Error	Standardized Coefficient (Beta)	t-value	Sig. (p-value)
Operational Efficiency and Cost Reduction	0.312	0.058	0.348	5.38	0.000
Customer Satisfaction and Responsiveness	0.271	0.062	0.295	4.37	0.000
Supplier Collaboration and Relationship Management	0.198	0.054	0.224	3.67	0.001
Innovation and Technological Advantage	0.165	0.051	0.189	3.24	0.002
Strategic and Long-Term Benefits	0.142	0.049	0.167	2.90	0.005

Interpretation:

All the statement in the above table are seen to pose a positive effect over the practices of SCM. The strongest predictor of all is improved efficiency which is then followed by customer satisfaction & cost reduction. On the whole, the model of the study proves that the adoption of the practices of SCM is highly predicted by perceived benefits.

Suggestions

On the basis of the study, a few suggestions have been made for the organizations for improving the practices of SCM based on perceived benefits. The firms need to increase the knowledge of the managers about the tangible & intangible benefits which could be got on adopting the advanced practices of supply chain like digitalization, collaborative planning and supplier integration. Structured programs of training and organized workshops for the managers may enable them in knowing the way such practices increase the operational efficiency, improve the satisfaction of the customers and bring down the costs. Next, the firms are required to make investments towards explaining the benefits of SCM initiatives, because the perceived benefits determine the decisions to adopt. Benchmarking information, case studies and sharing the metrics of performance may also strengthen the perception of managers that such practices actually lead to benefits.

Conclusion

It has been emphasized through the study that the perceived benefits help to shape the effectiveness and adoption of the practices of SCM. Perceptions of the managers regarding benefits like operational efficiency, cost savings, technological developments and enhanced collaboration affect their intentions of implementing and sustaining the initiatives of SCM. It has also been shown through the study that adoption of advanced practices are done by the firms not just based on the objective metrics of performance but also on the basis of the perceived value which they contribute towards the strategies and operations of the organization. Having knowledge of such perceptions, the firms get the ability of improving

the process of making decisions, promoting innovation and reinforcing the competitive advantage. To conclude, the present study highlights the fact that the perceived benefits are the determinants of supply chain performance. It has also been emphasized that proactive measures for emphasizing, communicating and measuring such benefits may lead to highly responsive, efficient and resilient supply chains.

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