

# A STUDY ON INTEGRATION OF PRODUCT AND SERVICES SUPPLY CHAIN IN AUTOMOBILE INDUSTRY TO INCREASE OPERATIONAL EFFICIENCY

Mr Vaidhyanathan RS<sup>1</sup> Dr C.B.Senthilkumar<sup>2</sup> Dr E.Kandeepan<sup>3</sup>

1. Research Scholar, Department of Management Studies, Dr.M.G.R Educational and Research Institute, Chennai, India
2. Professor, Department of Commerce, Dr.M.G.R Educational and Research Institute, Chennai, India
3. Assistant Professor, Department of Economics, Government Arts and Science, Edappadi Salem, India

Email Id: <sup>1</sup>[gouthamprakashanath@gmail.com](mailto:gouthamprakashanath@gmail.com) <sup>2</sup>[senthilkumar.comm@drmgrdu.ac.in](mailto:senthilkumar.comm@drmgrdu.ac.in)  
<sup>3</sup>[kandeepan11@gmail.com](mailto:kandeepan11@gmail.com)

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## Abstract

A verifiable suspicion of momentum store network the executives research is that the outcomes got from item supply chains can be straight forwardly extrapolated to support supply chains. This paper questions this suspicion of proportionality by recommending that the joining of item and administrations store network in car industry to increment functional productivity in whether a firm works in an item and administration inventory network. In this way, measures were created and review information was gathered from 138 product and 174 services organizations in india. The information was then investigated utilizing multi-inspecting examination. Likewise, the connection between interior joining and functional execution was observed to be to some degree intervened by outside reconciliation in item supply chains while a completely interceded relationship was seen in assistance supply chains. Inside the setting of store network the board , diverse intervention designs exist in item and administration supply chains. The outcomes recommend embracing a possibility instead of a universalistic methodology in the administration of firms' inside and outside integrative abilities to amplify functional execution. This paper tests the supposition of identicalness and broadens the flow extent of inventory network the board possibility research by interrogating the impacts of incorporation on functional execution in both product and administration supply chains all the while.

**Keywords :** Store, supply chain, Industry, Services.

## INTRODUCTION

Indian auto industry has lately, prospered and showed extra-standard development abilities. This has become conceivable basically due to progress in expectations for everyday comforts of Indian working class and expansion in their discretionary cashflow. The progression steps started by the Government of India, like decrease of duties on imports, and refining the financial arrangements, have assumed a similarly significant part in carrying the Indian Automotive industry to more prominent statures. As per Automotive Components Manufacturers Association (ACMA), today, India is forward biggest and quickest developing traveler vehicle market in Asia, second biggest bike market and the biggest three-wheeler market on the planet.

The fare blast in auto area has generally been conceivable because of further developed execution of auto segments section. In the part business, the top crosspiece makers made frantic endeavor to defeat discouraged homegrown market of late 90s by tapping the fare market and putting forth attempts to work on quality and cutthroat potential. Fares likewise procured them higher edges. ACMA reports that the segment sends out crossed US 1.8 billion dollar mark in 2005. It is relied upon to contact US 6 billion dollar mark by 2010 and 25 billion by 2015. A few organizations are likewise enthusiastically attempting to construct worldwide provider capacities through acquisitions as displayed in Table. Such acquisitions shield the organizations from vacillations in the interest in different topographical areas

S.No	Name of the Company
1	Bharat Fort
2	Tata Motors
3	Sundram Fastners
4	TVS Groups
5	Mahindra and Mahindra

## SUPPLY CHAIN

The supply chain is the working interaction incorporated all exercises associated with the stream and trade of products from the crude materials stage (extraction) to the completion result of end clients. During this working interaction, the connected data streams likewise assume a significant part to the satisfying of production network. Material and data streams both here and there the supply chain. The inventory network incorporates new item improvement, frameworks the executives, and tasks. The different activity like get together, buying, creation booking, request preparing, stock administration, transportation,

warehousing, and client support are have the grandiose all the while. In the stock chains of tasks are required a progression of connected providers and clients with each client. These clients base is thus a provider to the next downstream association until a completed item arrives at a definitive end client.

## SUPPLY CHAIN MANAGEMENT

It is the administration of an organization of interconnected organizations included in a definitive arrangement of item and administration bundles needed by end clients. Inventory network the board traverses all development and capacity of crude materials, work-in-measure stock, and completed

merchandise from starting place to mark of utilization (Supply chain)

Another definition is given by the APICS Dictionary when it characterizes Supply Chain Management as the "plan, arranging, execution, control and observing of inventory network exercises with the target of making net worth, constructing a serious foundation, utilizing overall coordinations, synchronizing supply with request what's more, estimating execution worldwide.

Supply chain the executives is the fundamental, vital coordination of the customary business capacities and the strategies across these business capacities inside a specific organization and across organizations inside the inventory network, for the motivations behind working on the drawn out execution of the person organizations and the inventory network overall.

## LEVELS OF SUPPLY CHAIN MANAGEMENT

Supply chain management the board works at three levels: key, strategic, and functional. At the essential level, organization the executives settles on undeniable level vital production network choices that are applicable to entire associations. The choices that are made with respect to the store network ought to mirror the in general corporate methodology that the association is following. The essential production network measures that administration needs to settle on will cover the expansiveness of the inventory network. These incorporate item advancement, clients, assembling, merchants, and coordinations.

**Product Development :** Senior administration needs to characterize an essential heading while considering the items that the organization

should make an offer to their clients. As item cycles develop or item deals decay, the board needs to settle on essential choices to create and present new forms of existing items into the commercial center, justify the current item offering, or fostering another scope of items and administrations. These essential choices might incorporate the need to get another organization or sell existing organizations. When settling on these essential item advancement choices, the general destinations of the firm ought to be the deciding element.

**Customers:** At the essential level, an organization needs to recognize the clients for its items and administrations. At the point when organization the executives settles on essential choices on the items to make, they need to then distinguish the key client sections where organization promoting and publicizing will be focused on.

**Manufacturing:** At the essential level, fabricating choices characterize the assembling framework and innovation that is required. In light of significant level anticipating and deals gauges, organization the executives needs to settle on essential choices on how items will be fabricated. The choices can require new assembling offices to be fabricated or to build creation at existing offices. In any case, assuming the general organization goals incorporate moving the assembling abroad, the choices might lean towards utilizing subcontracting and outsider coordinations. As natural issues impact corporate strategy undeniably, this might impact key store network choices concerning fabricating.

**Supplier:** The organization the board needs to settle on the essential production network approaches concerning providers. Decreasing the buying spend for an organization can straightforwardly identify with an expansion in benefit and deliberately there are various choices

that can be made to get that outcome. Utilizing the complete organization's buys over numerous organizations can permit organization the board to choose key worldwide providers who offer the best limits. In any case, these choices need to relate with the general organization goals. In the event that an organization has received approaches on quality, key choices on providers should fall inside the general organization objective.

**Coordinations :** Just as essential choices on assembling areas, the coordinations work is vital to the accomplishment of the production network. Request satisfaction is a significant piece of the production network and friends the executives needs to settle on essential choices on the coordinations organization. The plan and activity of the organization affect the presentation of the store network. Key choices are needed in stockrooms, dissemination focuses, and figuring out which transportation modes ought to be utilized. In the event that the general organization targets recognize the utilization of all the more outsider subcontracting, the organization may deliberately choose to utilize outsider coordinations organizations in the inventory network. Vital choices decide the general heading of the organization's store network. They ought to be made related to the organizations by and large targets and not one-sided towards a specific item or territorial area.

## **HIERARCHICAL THEORIES IN SUPPLY CHAIN MANAGEMENT**

There is a need to comprehend these speculations that go about as mainstays of establishment in store network. There has been research with respect to these basic components (Ketchen Jr. what's more, Giunipero, 2004 and Ketchen and Hult, 2006). These hypotheses will be utilized in understanding the customary view

point of SCM and how it has advanced over the long haul.

**Resource-Based View:** Resource-based View (RBV) is considered as most predominant measurement in inventory network the board. These assets are uncommon, important and hard to buy. Such asset gives upper hand over the contenders who need such assets (Barney, 1991). Upper hand is for the most part considered as the execution of procedures not right now being carried out by different firms that works with decrease of expenses, misusing market openings, and balance of serious dangers. Suitable sending of assets brings about upper hand.

**Knowledge-Based Theory:** Knowledge-based view gives understanding as far as coordination of supply chains. A conventional association to a great extent depends on the chain of command for coordination. Ordinary way of thinking of inventory network needs formal pecking order. They to a great extent rely upon information to work with for coordinated activities. By and large, the vast majority of the stockpile chains in conventional components are for putting away essential information (data) in an association (Grant, 1996).

**Agency Theory:** Agency hypothesis proposes that the firm can be seen as inexactly characterized between asset holders. An organization connection emerges when numerous people recruit others (specialists) to play out certain assignments and approve them with dynamic. Both the gatherings get totally different targets, ordinarily the specialist has higher objective than that of the head (Eisenhardt, 1989). Organization costs are brought about to enlist specialists to support a powerful office relationship.

**Institutional Theory:** Institutional hypothesis is generally relied on the outside pressing factors

or powers for forming of hierarchical decisions. It underlines on unmistakable production network practices to certain organizations. It gives direction to chiefs and representatives to comprehend achievement of different associations and to apply fitting potential activities (DiMaggio and Powell, 1983).

**Transaction Cost Analysis:** This hypothesis gives a standard way to deal with find out the cutoff points inside which a firm ought to work productively (Williamson, 1975, 1985, 1996). TCA can be utilized to give a motivator to the organizations to go into coordinated effort with different associations. By utilizing this hypothesis, we can discover what capacities are to be performed inside the association and what capacities are to be reevaluated. At whatever point a firm re-appropriates a capacity, the firm to which it has reevaluated turns into the accomplice of the parent firm. Hence the exchange costs likewise rely on the conduct of the accomplice whenever it finds some chance. The best approach to diminish these dangers due to unsure conduct of the accomplice is by entering in long haul contracts with the accomplice, having punishment provisions and making joint speculations. This hypothesis is for the most part utilized in taking the essential choice for example regardless of whether to make an item or to rethink its assembling (Maltz, 1993; Andersson, 1997; Halldorsson, 2002). Accordingly basically TCA helps in choosing whether a specific activity ought to be acted in-house (inside as far as possible) or to be rethought (outside as far as possible).

**The Network Theory:** In the present serious period, the exhibition of a firm doesn't rely just upon its immediate accomplices and backhanded accomplices. Subsequently, the manner by which a firm associates with other firm turns out to be essentially significant in this period. The manner in which the firm associates with different firms chooses the arrangement of

another asset. In this way the two firms consolidate together to foster collaborations and to gain from one another's qualities. The organization hypothesis gives a comprehension of the significance of connection between two associations, regardless of whether it is develop of trust or long haul connections or utilizing of one another's frameworks and cycles.

## SCOPE OF THE STUDY

Expanded interest somewhat recently has squeezed the current Indian car producers to rapidly take on worldwide principles and practices. However there have been many investigations led on store network the board in Indian vehicle industry anyway due to above challenges, there is immense extension to concentrate further. This paper attempts to review how the integration of product and services supply chain in automobile industry to increase operational efficiency. It additionally assists with understanding the future patterns in production network in automobile.

## RESEARCH GAP

Albeit various investigations have been led to decide the effect and connection between store network incorporation and execution, auxiliary information has been the decision of numerous specialists where they dissect the generally distributed diaries. This technique faces difficulties of neglecting to acquired adequate information that could permit speculation of the discoveries. The momentum study will depend on integration of product and services supply chain in automobile industry to increase operational efficiency.

## REVIEW OF LITERATURE

**Danese (2011)** in the article, 'Supply chain integration and efficiency performance: a study on the interactions between customer and supplier integration', talks about the viability of

incorporation from inside the association and with outside groups, providers and administrations that make the chain to keep up with stream of components to convey the item to the client. He raises questions about the joining of outside factors and finishes up the exhibition since incorporation increments when supply intricacy is extremely high.

**Sahay et.,al. (2011)** in their article concluded that the car business is a significant supporter of India's economy. The Indian car makers face hardened worldwide rivalry in the wake of all significant US and European vehicle makers entering the Indian market. In the contemporary situation, store network the executives practices can be embraced to work on functional proficiency and benefits. This paper presents the current status of Indian car supply chains. For this, information was gathered by leading a cross country study. The paper features some serious issues tormenting the Indian car supply chains lastly, presents a few proposals that are conceivably helpful to bring Indian car supply chains at standard with worldwide industry pioneers.

**Tom (2017)** "The Disadvantages of Supply Chain Management" in the article , the writer stresses that inventory network the executives is definitely not a convenient solution answer for fix the circle regions in the association. As per him accepting inventory network into the association without understanding it will be a major disturbance to the association itself. It devours gigantic assets in developing the worth chain, through merchant ID, preparing, maintenance, benefit, human preparing and legitimate framework set up. In this manner inventory network interruptions if not arranged well may be greatest spoiler for associations.

**Frohlich, & Westbrook (2001)**, "Curves of incorporation: a worldwide investigation of production network techniques." in the article

the writers harp on the significance of coordinating client interest with the whole cycle of production network components and as per the writers the factors ought to be broke down cautiously to frame a union of reconciliation which ought to be adequately adaptable to adjust rapidly for any abrupt interruptions. The accentuate of the reconciliation ought to be execution. The significant point of this examination along these lines was to answer the request: "In what ways does the union of production network coordinations measures in assembling associations sway upon work execution"

**William Ho, et al., (2015)**, "Inventory network hazard the board issues and difficulties", in another philosophical paper, the creators discovered the commitment of hazard the executives in a successful activities of inventory network in light of the current situation of unsure capacity. The two phases in the paper comprise of characterizing functional and relieving hazard implied in the inventory network. It is additionally discovered that there are four kinds of dangers winning in inventory network specifically, supply hazard, client hazard, representative danger and apparatus hazard in each creation association. These dangers are relieved by the cautious consideration on the four wellsprings of hazard bearing implied in the creation.

**Chaudhuri et al., (2018)** in the exploration article "Production network combination, hazard the board and assembling adaptability", the push is on the investigation to connect interior incorporation and inventory network hazard the executives on assembling adaptability and to comprehend the consequences for every individual module with one another. The discoveries propose that their internal mix and SCRM directly affect producing adaptability. SCRM moderates the connection among EI and adaptability.

**OBJECTIVE OF THE STUDY**

1. To analysis the integration of product and services supply chain in automobile industry to increase operational efficiency.

**Target population:** Employee for automobile industry.

**Sample Size:** 426 respondents

**Sampling Technique:** Census method of sampling technique

**RESEARCH METHODOLOGY**

**Research Design:** Quantitative descriptive case study.

**Data Collection Instrument and Procedure:**

Primary Data and close end questionnaire

**Research Tools:** Simple Percentage, Reliability Analysis, Cronbach alpha coefficient, Validity

**DATA ANALYSIS**

**Table 1: Relationships between Supply chain integration dimensions and product and service value: Correlation and reliability analysis**

Particulars	Customer Integration	Internal Integration	Supplier Integration	Product Value	Service Value	Cronbach;s alpha	Total Correlation
Customer Integration	.764					.756	.526-.613
Internal Integration	.597*	.806				.864	.590-.779
Supplier Integration	.514*	.447*	.818			.876	.671-.773
Product Value	.462*	.430*	.397*	.810		.763	.508-.630
Service Value	.451*	.555*	4.63*	.469*	0.744	.798	.539-.635
Mean	4.96	5.70	4.63	4.96	5.02		
Standard Deviation	1.12	0.98	1.35	.9	0.76		

\*p < 0.01 (bilateral)

The hierarchical regression analysis of SCI into product-based value shows that there is a direct and significant relationship between internal and customer integration into the capabilities for

developing product value. Thus, this result supports H1a (significant at p < 0.001) and H2a (significant at p < 0.01), but not H3a.

**Table 2: Regression results for service-based value & product-based value**

Model	Independent Variable	B		Standard error and non Standardized coefficient		β		R <sup>2</sup>		Δ R <sup>2</sup>	
		SB	PV	SB	PV	SB	PV	SB	PV	SB	PV
I	Constant	2.71	2.57	.46	.36						

	II	.39	.42	.08	.06	.43***	.055***	.17***		--	--
II	Constant	2.44	2.43	.45	.36				.34**		.04
	II	.22	.34	.11	.07	.23*	.45***	.24**			
	Customer Integration	.26	.14	.08	.085	.32**	.24**				

**SB- service-based value , PV- product-based value \*p < 0.05, \*\*p < 0.01, \*\*\*p < 0.001.**

Results, inner and client mix prompts energize esteem creation capacities zeroing in on item based worth. Client closeness and inner mix to change market information into thoughts, and afterward into business items, are key parts of business achievement. An expanding extent of significant worth creation comes from beyond the central organization. On the off chance that an organization can set up close connections both inside and with its clients, it is bound to be resistant to cutthroat impersonation.

Administration based worth is more identified with the functional ability of a firm, which, without question, ought to be lined up with item technique. It is centered around performing hierarchical exercises proficiently and deftly. Inward joining is, once more, one of the fundamental mainstays of the interest satisfaction chain. The more coordinated the inward capacities are, the more straightforward it is to recognize cooperative energies, squandered assets focuses, etc. Provider joining is the second column in the help based worth execution. Albeit the commitment of client reconciliation isn't genuinely huge, it doesn't imply that it isn't fascinating. Nonetheless, it's a horrible idea to coordinate clients to further develop administration esteem while inner and provider reconciliation is frail. It appears to be that once clients set up their orders, the assembling organization along with its providers should attempt to consent to the due date

**CONCLUSION**

Supply chain management is a top tier, superior arrangement which can be used by the each car maker, coordinations and circulation

organizations, and auto sellers/merchants to mix the interest chain with the inventory network. Supply chain management helps sought after anticipating; taking a request; giving a precise guarantee date; sourcing and producing the right merchandise; position stock appropriately; pick, pack, and proficient parcel; above all, Supply chain management improves things significantly to the makers by keeping an insignificant completed products stock. To get every one of the advantages of cost and time the Indian vehicle fastens must be incorporated to contend with worldwide auto industry.

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