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Faculty of Management
Midocean University

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Faculty of Management

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The Transformative Impact of Improved Supply Chain Management on Businesses

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1. Chapter 1: Introduction

In today's fast-paced and interconnected world, businesses face constant pressure to deliver products and services quickly, efficiently, and reliably. Think of any item you use daily – from your phone to your morning coffee – it has traveled a long journey from raw materials to your hands. This journey is managed by something called the supply chain.

Stage 1: Understanding the Basics – What is a Supply Chain?

Simply put, a supply chain is like a huge, interconnected network that brings everything a business needs and produces together. It covers every step, from finding the original ingredients or parts (sourcing), making the product (manufacturing), storing it (warehousing), moving it around (logistics), and finally getting it to the customer. For a long time, businesses saw this as just a necessary cost, a series of separate tasks.

Stage 2: The Old Way vs. The New Need – Why Improvement Became Crucial

However, the world changed. Global markets opened up, customers started expecting things faster and cheaper. Businesses realized that if one part of this long chain broke, the whole operation could suffer. This highlighted a huge need for a better, smarter way to manage the entire process.

Stage 3: The "Transformation" Begins – What Improved SCM Really Means

This is where Improved Supply Chain Management (SCM) comes in. It's not just about doing the old tasks a little better; it's about a complete "transformation." Improved SCM means connecting all those separate parts of the supply chain, using smart tools and strategies to make them work together seamlessly, like a well-oiled machine.

Stage 4: The Promise of Transformation – What Businesses Gain

The aim of this assignment is to explore exactly how this transformation impacts businesses. We will see that by embracing improved SCM, companies can unlock powerful benefits: they can dramatically reduce costs, become much more efficient, make their customers much happier, build a business that is stronger against challenges (more resilient), and even operate in a way that is better for the planet (more sustainable). In short, improved SCM moves a business from just surviving to truly thriving in the modern era.

1.1. Research Background

How Supply Chains Became So Important

To understand how much better supply chain management (SCM) has become, we first need to look at how businesses used to handle things. In the past, companies often worked in separate departments. The team buying materials didn't always talk much to the team making the products, and neither talked much to the people shipping them. Each group just focused on their own part, trying to save money or work faster in their own area.

For example, the people buying wood for a chair might just try to get the cheapest wood, without thinking about whether that wood would be hard for the factory to use or if the supplier was reliable. Then, the factory would make as many chairs as possible, and these chairs would often sit in big warehouses for a long time, costing money just to store them. Moving these chairs around was usually done without much thought about the whole journey, just getting from one point to the next. This old way of working in silos created lots of hidden problems: wasted time, extra costs, and difficulty knowing exactly where things were or what was going wrong. It was like driving a car where the engine, steering, and brakes were all built by different companies and didn't really connect properly.

Things started to change a lot in the late 1980s and 1990s. The world became more connected, and businesses started buying and selling across different countries. This made everything more complicated. At the same time, new ideas like "Just-in-Time" (making things only when they're needed) showed how powerful it could be to reduce huge stockpiles of goods. Computers also started helping businesses share information better between different departments. People began to realize that all the steps in making and delivering a product – from getting materials to the customer's doorstep – were actually one big "supply chain." The idea was to make all these links work together smoothly, like a single, well-oiled machine, instead of separate parts. This meant thinking about the whole journey, not just individual steps.

The biggest shifts happened in the last 20 years, especially with the rise of the internet and new technologies. The internet made it super easy to talk to anyone, anywhere, instantly. Then came smart sensors, which could track products in real-time, and powerful computer brains (AI and Machine Learning) that could predict what customers would want or spot problems before they even happened. These technologies allowed businesses to see everything happening in their supply chain, from start to finish. At the same time, customers became much more demanding, wanting faster deliveries and perfect service, thanks to companies like Amazon showing what was possible.

Crucially, major global events also played a huge role. Things like natural disasters, trade disputes, and especially the recent worldwide pandemic, exposed how easily supply chains could break down when relying too much on one supplier or one region. These big disruptions taught businesses a tough lesson: saving a little money by having a fragile supply chain wasn't worth the risk of being unable to deliver anything at all. Companies realized they needed supply chains that were not just cheap, but also strong, flexible, and transparent. This meant moving beyond just cutting costs and focusing on being able to handle shocks, act quickly, and even be good for the environment. So, what started as simple buying and selling has now become a crucial, smart system that can make or break a business. This assignment will explore exactly how these improvements have completely changed the way businesses operate and succeed.

1.2. Research Problem

Even though everyone knows how much better businesses can be with improved supply chain management (SCM), many companies are still having trouble making these improvements happen. They often face big problems like their different departments not sharing information, being slow to use new technologies like smart AI tools, not being able to see what's happening across their entire supply chain, and not building enough strength to handle big global problems. This ongoing difficulty means businesses are missing out on bigger profits, happier customers, and a more stable future, making it really important to figure out why these problems exist and how companies can truly transform their supply chains.

1.2.1. Theoretical Gaps

Theoretical Gaps in Supply Chain Management

Even though experts and researchers create excellent plans and models for how supply chains should ideally work, these theories often have gaps when faced with the real world. A big problem is that many theories assume we have perfect information and that everyone makes perfectly logical decisions, which just isn't true in real business. Also, these theories often struggle to properly deal with unexpected big problems like pandemics or sudden conflicts, as they tend to focus on stable situations. Finally, some theories don't fully consider the complex human relationships and ethical concerns within a supply chain. So, while theories give us a great starting point, they simplify a lot of the real-world messiness, making them hard to apply directly without adjustments.

Practical Gaps

Practical Gaps in Supply Chain Management

Even when businesses understand how to make their supply chains better, actually doing it faces big real-world problems. A huge issue is that different computer systems often don't talk to each other, meaning important information gets stuck in separate departments. This makes it hard for companies to see what's really happening across their whole supply chain, preventing smart decisions. Another major hurdle is people's resistance to change; employees and managers might not want to switch to new ways of working, slowing down progress. There's also a shortage of skilled people who know how to use the latest supply chain technologies like AI. Finally, the high cost of new systems and the difficulty in showing quick financial returns often stop companies from making the big investments needed for real improvement. All these practical challenges mean that even good plans often struggle to become reality.

Here are a few questions that can be asked to any organization:

- Why do computer systems in different parts of a company often struggle to share information, and how does this stop new supply chain technologies from working well?
- How does a company's culture, especially when people don't like change, affect its ability to use new and better ways to manage its supply chain?
- What are the best ways for businesses to find and keep skilled people who can work with new supply chain tools, like AI and other smart tech?

1.3. Research Significance

This study on how improving Supply Chain Management (SCM) changes businesses is really important. It helps us understand things better in two main ways: for ideas and knowledge (Theoretical Level), and (Empirical Level).

1.3.1. At the theoretical level

Why This Study Matters for Ideas (Theoretical Level)

This research helps fill in the gaps in our current understanding. Think of it like a scientist finding new pieces for a puzzle. While smart people have already created good plans and ideas for how supply chains should work perfectly, these ideas sometimes don't quite fit the messy reality. This study helps by:

- **Making Theories More Realistic:** It shows where our current theories might be too simple, especially when dealing with things like incomplete information, unexpected global problems, or how human decisions (not always logical!) affect things. This can help create better, more realistic theories for the future.
- **Building Better Frameworks:** It helps us create new ways of thinking about supply chains that don't just focus on saving money or being fast. Instead, it looks at how to include other important goals like being strong against problems (resilience), being good for the environment (sustainability), and being fair (ethics).
- **Understanding Change:** It gives us new ideas about how to successfully manage big changes within a supply chain, especially when new technology and complex connections are involved. It helps build theories specific to making SCM transformations work.

- **Guiding Future Research:** By pointing out the real-world problems companies face (like old computer systems or a lack of skilled workers), this study tells other researchers where their efforts are most needed to create truly useful new ideas.

1.3.2. At the practical level

Why This Study Matters for Real-World Results (Empirical Level)

This research also has direct, practical benefits for actual businesses, managers, and even governments. It's about giving them useful tools and insights they can use right away:

- **Giving Practical Advice:** It provides clear, actionable tips for companies. For example, it can show them how to connect their old computer systems, how to get employees on board with new ways of working, or how to find and keep skilled people needed for advanced SCM tools.
- **Showing What Works (and What Doesn't):** The study can act like a guide, showing common challenges and successful solutions that other businesses have found. This helps companies see where they might be going wrong and how to fix specific problems with their operations, money, or people.
- **Helping Businesses Be Stronger:** By showing what makes SCM improvements successful, this research directly helps companies build supply chains that are more efficient, can bounce back faster from problems, and make customers happier. This makes them more competitive, which is super important in today's unpredictable world.

- **Guiding Investments:** The findings can help business leaders decide where to put their money – whether it's in new technology, better infrastructure, or training their staff – by giving them a clearer picture of the real costs and benefits of SCM improvements.
- **Promoting Good Practices:** By showing real examples of how companies are making their supply chains more sustainable and ethical, this research encourages other businesses to follow suit, benefiting both society and the environment.
- In short, this study is important because it doesn't just add to our theoretical knowledge; it also provides concrete, usable information that can help businesses build better, smarter, and more responsible supply chains in the real world.

1.4. Research Questions

1.5. Research Objectives

1.6. Research Hypotheses

1.7. Research Model

1.8. Research Methodology

1.9. Scope of The Study

1.10. The Suggested Project Structure

2.Chapter 2: Literature Review

2.1. Introduction

Brief introduction for the chapter

2.2. The independent variable

2.3. The dependent variable

2.4. The relationship between the independent and the dependent variables

2.5. Conclusion

References