

Ranking of Recompenses Apprehended through Proficient Inventory Management and Control in Cement Industry

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ABSTRACT

The present research highlights some of the important benefits that proper inventory management assures, through the assistance of primary data collected from eight small scale cement firms operating in SIDCO & SICOP, under DIC (District Industries Centre) in District Udhampur of Jammu & Kashmir State. The main recompenses apprehended were "Assists in cost reduction", "Satisfied customers", "Liaison with market", and "Builds goodwill". The results of the ranking table revealed that the variable "Assists in cost reduction" scores highest mean rank as it accrued to be the main benefit derived by the cements industry. The variable "Satisfied customers" received second rank followed by "Liaison with market" with rank three due to larger market distances and erratic production schedule. The variable "Builds goodwill" received the fourth rank.

Keywords: Inventory, Control, Management, Cement Industry, SSIs (Small Scale Industries)

INTRODUCTION

Inventory control and management plays vital role in the overall development & growth of businesses. The business in the contemporary arena is shouldered with intense competition and rivalries. Apt or proper inventory control system centres the business in a delightful and successful manner. The business is facing market hindrances due to erratic supply of proper stock in the market but, to overcome such stumbling blocks, a technique known as inventory control and management had been developed which is encompassed with numerous benefits. Some of the benefits had been portrayed in the study which is the result of previous/ existing studies. Inventory simply is stock held by the business for performing its day-to-day business activities. The inventory is generally held by the business for the purpose of sale. Proper inventory management deserves the most significant position in the overall working capital structure of almost all the businesses and ensures optimum profits for the business. Therefore, its proper management and control acts as a catalyst and is considered as the present utmost need of hour in contemporary era. Inventory is generally considered as stock of the business often known as current asset at a specific time which is essential to be rehabilitated into liquid cash within one year. Some businesses exaggerate

that inventory could be the stock of raw material, stock of work-in-process and stock of finished goods & stores held by the business at a particular period of time: usually one year. So, all in all, inventory portrays that its meant to be sold as being part of routine business matter, its the accretion of finished goods produce which is offered by a business for sale, its flexible assets held for resale, essential for fabrication or for utilisation, must for key survival & smooth functioning of any business. Many crucial business functions are dependent upon it: assists in the prolonging of business operations, without which, a business cannot transport itself, such as merchandise, finished goods produced by the business that are ready for trade, the allied components which are must in making that production possible.

It is presently on debate that Indian companies' preponderance reported the figure that inventory holds nucleus part in the overall current assets of a business. For instance, public limited companies in India had accounted that 60 percent of total current assets of the business enterprise consists of inventory and on the contrary, it was duly reported by Government companies that it divulged near about 61 percent in the overall current assets. Therefore, inventory management and control is in a period of evolution which had resulted

into the reengineering of the lines between inventory management and control, customer service, purchasing, warehousing, transportation etc. (McMohan *et al.*, 2013; Mohan & Deshmukh, 2013; Lawrence, 1999). The use of information technology is assuring the proper handling of apt inventories in this global contemporary era (Larson & Gammelguard, 2001). Inventory costs are the main costs as the other important costs are affected by its costs such as manufacturing costs, transportation costs, warehousing costs (Stank, Keller & Closs, 2001). Complex inventory management systems are now required to be mastered properly as it can bring huge profits (Richter & Kral, 2010). Further, communicating and integrating the goals of both purchasing and inventory management into corporate strategy elevates the various functions to a strategic level (Zsidisin *et al.*, 2003). Therefore, inventories should be keenly specified, predicted, managed, controlled and sold. A key concept lies here that inventories should be ingeniously and fruitfully utilized and stored by a business house. A business even should not rather unduly invest extravagantly in them. So, it's most important in the present day business that the business concerns should lucidly control and manage their inventories or else any incorrect verdict can imperil its profit and overall buildup of the business which ultimately can hamper the business growth and development.

REVIEW OF LITERATURE

Inventory management is of paramount importance nowadays as earlier portrayed by various eminent authors. Its relevance is quoted and highly appreciated by admirable academicians, scholars, industrialists, marketing experts, notorious authors all around the world who claims that inventory occupies a central position in the business house and even in commerce literature (Christopher & Peck, 2004). Proper inventory management leads to risk mitigation (Chopra & Sodhi, 2004) and that too in the critical times of supply uncertainties (Lee, 2002) because international supplies sometimes become helpless due to erratic factors such as geographic platform coverage, unmanageable transport modes, political/legal factors and other environmental issues and factors (Prater *et al.*, 2001). Inventory management generally hover around two possible theories as portrayed in the existing literature: the traditional inventory control theory that rests on the assumption of inventory optimisation and contrary there is modern inventory control theory which concentrates more on inventory minimisation. Its often stated that both the conditions may not hold good to a business organisation as even its said that too much reduction of

inventory as divulged in modern theory could lead to "corporate anorexia" (Radnor & Boaden, 2004).. So, there must be optimal inventory held by the business. Further, an European research quoted that 13 percent costs out of total logistics costs accounts to inventory costs (Establish Inc/AT Kearney, 2004) and an USA research reported 24 percent costs as inventory costs out of aggregate logistics costs (European Logistics Association/Herbert W. Davis & Co., 2005). The present research explores the mean ranking of recompenses apprehended through proficient inventory management and control in eight small scale cement firms operating in district Udhampur of J&K state.

OBJECTIVE OF THE STUDY

To highlight the benefits that are assured with the assistance of proper inventory management and control technique.

THE RESEARCH FRAMEWORK

Sampling and Data Collection

The study is exploratory in nature, so, the primary data stood as the main ground for the research purpose. The primary data for the study were collected from prominent eight small scale registered cements units working under SIDCO & SICOP in district Udhampur of J&K state. These small scale units were registered under District Industries Centre (DIC), Udhampur, J&K. The eight small scale cement units were: M/s Associated Cements, Zenith Cement Industry, Shivalik Cements, M/s Continental Cement Industry, Wullar Cements, M/s Shri Nath Industry, Uma Cement Industry, and Kashmir Cement Industry.

The Survey Instrument

The survey instrument means the data collection form. The data collection form for this study was prepared in questionnaire form. The questionnaire was self-prepared with the assistance of review of literature and was shown to various experts, academicians for its possible modifications, alterations, and genuine advices. The questionnaire for the research consisted of general information regarding the respondents and some statements of proper inventory management and control. Statements in the questionnaire were in ranking, open ended and five-point Likert scale.

Collection of Data

The first hand information known as primary data for the study was collected by visiting the manager/owners of the small sale cement firms. They were distributed the questionnaires and were made known the purpose of research in local dialect. Census method was applied for obtaining response/data from the respective respondents. The secondary information also stood as the eminent part of research. This secondary information was gathered from diverse resources such as physical books, existing profound empirical papers published in eminent journals. Well-known statistical tools such as mean, standard deviation, and ranking tables were used for furthering the study, finding the results and maintaining the veracity of research. The data so collected was further analysed with the help of SPSS (Version 16.00) for purification, checking validity and reliability. Ranking tables were used to elicit meaningful responses from the data.

DATA ANALYSIS AND INTERPRETATION

Table 1 construes the unit-wise mean ranking of recompenses apprehended through proficient inventory management and control in Cement industry. There are total of eight small scale cement industries operating in district Udhampur of J&K state, under SIDCO and SICOP. The unit-wise mean ranking of benefits attained through proper inventory management and control in cements industry were taken into preview in the present study in order to make the study more appealing and approachable. The main recompenses apprehended are “Assists in cost reduction”, “Satisfied customers”, “Liaison with market” and “Builds goodwill”. The variable/factor “Assists in cost reduction” scores highest mean rank as it accrued the main benefit derived by the cements industry. The variable “Satisfied customers” received second rank followed by

“Liaison with market” with rank three due to larger market distances and erratic production schedule. The variable “Builds goodwill” received the fourth rank due to low confidence among the customers and bit interaction gaps between the marketers and the customers. The ranking categorisation is done as follows:

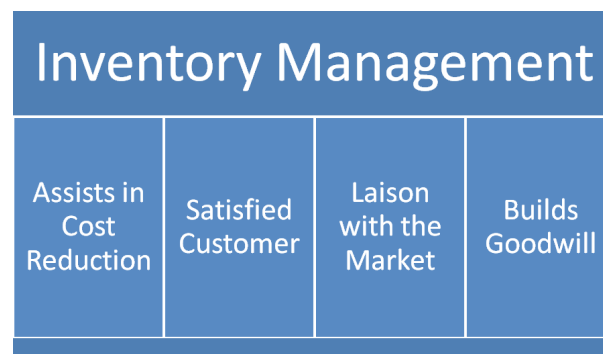
M/s Associated Cements

The first unit taken into consideration was M/s Associated Cements. The unit-wise mean ranking of recompenses apprehended through proficient inventory management and control in this Cement firm was that it assigned rank one to “Assists in cost reduction” as it was the main benefit derived through proper inventory management and control. The variable “Satisfied customers” received second recognition as the product was highly appreciated by the customers at large. The third rank was fostered on to “Liaison with market” which was followed by “Builds goodwill” and was conferred rank four. So, it was clear that M/s Associated Cements highly focuses on cost reduction through inventory management and control.

Zenith Cement Industry

The second most important small scale cement firm operating in cements industry was Zenith Cement Industry. The unit-wise mean ranking of recompenses apprehended through proficient inventory management and control in Zenith Cement firm was that it also allocated rank one to “Assists in cost reduction” as it was the main assistance consequent through proper inventory management and control. The variable “Satisfied customers” acknowledged second gratitude as this product was highly appreciated by the customers at large. The third rank was given to “Liaison with market” and was followed by “Builds

Figure 1: Diagrammatical Representation of the Variables Ensuring the Recompenses Apprehended with the Assistance of Inventory Management



goodwill” with rank four. So, it was clear that Zenith cements industry seeks cost reduction as the main benefit through inventory management and control as depicted by their mean values and is represented in Table 1.

Shivalik Cements

The third cement firm, Shivalik Cements seek the recompenses apprehended through proficient inventory management & control and consigned rank one to “Assists in cost reduction” as it seems to be their main benefit derived from proper inventory management and control. The variable that attained second highest rank was “Satisfied customers” by this cement unit. “Liaison with market” was given rank three and “Builds goodwill” was accorded rank four. Shivalik Cements’ main purpose of effective inventory management and control was mostly related to assistance in cost reduction and least to builds goodwill as represented in Table 1.

M/s Continental Cement Industry

The fourth unit named as M/s Continental Cement Industry constituted an importance aspect of the overall cements industry. The mean ranking of recompenses apprehended through proficient inventory management and control in this unit was that it allocated rank one to “Assists in cost reduction” as it were the main factor that results from proper inventory management and control. The variable “Satisfied customers” acknowledged second rank among the four variables and it fostered that proper inventory control & management leads to customer satisfaction. “Liaison with market” attained third rank and was followed by “Builds goodwill” with rank four. So, it was clear that M/s Continental Cement Industry benefits most in terms of cost reduction through inventory management and control as depicted by their mean values and is represented in Table 1.

Wullar Cements

Wullar Cements was found to be the fifth main firm operating under cements industry. The mean ranking of recompenses apprehended through proficient inventory management and control in this unit was that this unit allocated rank one to “Assists in cost reduction” as it appeared the main benefit derived from proper inventory management and control. “Satisfied customers” achieved second rank portraying that proper inventory control & management results in satisfying customers. The third rank

was accorded to “Liaison with market” which pretends that proper inventory control also assists in marinating basic liaison with the market scenario. The last and fourth rank was allotted to the factor “Builds goodwill” which states that another benefit of proper inventory control & management leads to development of business goodwill & positive image.

M/s Shri Nath Industry

The next important firm in the cements industry was M/s Shri Nath Industry. The mean ranking of recompenses apprehended through proficient inventory management and control of this unit was like this: Rank one to “Assists in cost reduction”, Rank two to “Liaison with market”, Rank three to “Satisfied customers” and Rank four to “Builds goodwill”.

So, this unit also appealed that cost reduction is the main benefit accrued from apt inventory management and control.

Uma Cement Industry

The seventh cement producing firm in the cements industry in district Udhampur is Uma Cement Industry. This unit also enjoys the main recompenses derived through successful inventory management and control. This unit enlisted that the most important benefit of proper inventory control management is that it leads to “Satisfied customers” as it grasped rank one among all the four variables. “Assists in cost reduction” acquired second rank by this cement unit subsequently followed by “Builds goodwill” with rank three. The last benefit derived by proper inventory management according to this unit is “Liaison with market” which scored rank four. The respective rankings are displayed in Table 1.

Kashmir Cement Industry

The eighth and the last unit contributing towards the cements industry is Kashmir Cement Industry. This unit allocates rank one to “Builds goodwill” and highlights that this is the main benefit of apt inventory management & control. The factor “Satisfied customers” scored rank second meaning that proper inventory control leads to customer satisfaction. Rank three was allocated to “Assists in cost reduction” which divulges that proper inventory management assists a lot in reducing overall costs of the business. Rank four was fetched by the

Table 1: Unit-Wise Mean Ranking of Recompenses Apprehended through Proficient Inventory Management and Control in Cement Industry

| Cement Units | Assists in Cost Reduction | Satisfied Customers | Liaison with Market | Builds Goodwill |
|---------------------------------|---------------------------|---------------------|---------------------|-----------------|
| M/s Associated Cements | 1 | 2 | 3 | 4 |
| Zenith Cement Industry | 1 | 2 | 3 | 4 |
| Shivalik Cements | 1 | 2 | 3 | 4 |
| M/s Continental Cement Industry | 1 | 2 | 3 | 4 |
| Wullar Cements | 1 | 2 | 3 | 4 |
| M/s Shri Nath Industry | 1 | 3 | 2 | 4 |
| Uma Cement Industry | 2 | 1 | 4 | 3 |
| Kashmir Cement Industry | 3 | 2 | 4 | 1 |
| Mean & Rank | 1.37 (I) | 2.00 (II) | 3.12 (III) | 3.50 (IV) |

Note: Where 1 denotes “highest rank” and 4 denotes “lowest rank”

variable “Liaison with market”. Overall, this unit mainly resorted to developing perfect image with the assistance of proper inventory management and control.

CONCLUSION

The subject matter of the research is “inventory control is of paramount importance in the present era”. It really encompasses enormous benefits to the business organisations. Some of the recompenses apprehended with the assistance of apt inventory management and control are proper equilibrium of demand & supply, effective market coverage, sufficient market information, product positioning in the minds of the customers and many others. The inventory management and control enlists broader issues which if not taken due care can results in production/manufacturing hindrances, warehousing issues and even transportation problems. The present research study provides new conclusions which is based on the ranks acquired by the small scale cement industries i.e. based on their rankings the study framed its results and conclusions. The present research also highlights some of the important benefits that proper inventory management assures in the eight cement small scale industries operating in SIDCO & SICOP, under DIC (District Industries Centre) in district Udhampur of Jammu & Kashmir state. These small scale units also enjoys the equal benefits as those of large scale units which acts as motivating factor for required inventory control and management. The main recompenses apprehended were “Assists in cost reduction”, “Satisfied customers”, “Liaison with market”, and “Builds goodwill”. The variable “Assists in cost reduction” scores highest mean rank as it accrued to be the main benefit derived by the cements industry. The variable “Satisfied customers” received second rank

followed by “Liaison with market” with rank three due to larger market distances and erratic production schedule. The variable “Builds goodwill” received the fourth rank.

LIMITATIONS OF THE STUDY

The study is encompassed with some of the limitations also. First, the study is conducted in the district Udhampur of Jammu & Kashmir state, the results of which may not with appropriate with other areas working in different environment, structure and culture. Secondly, the results totally depends upon the responses gathered from the owners/managers of these small scale units, though, utmost care had been taken to obtain response by making them the research purpose understandable to them in their local dialect, but an element of subjectivity cannot be ruled out which adds to the limitation.

FUTURE RESEARCH

Future research could be done from the perspective of long run industries and that too with other types of firms such as chemical industries, food industries, medicine industries etc.

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