Chapter 10
Market Orientation and Supply Chain Performance, Mediating Role of Supply Chain Management Strategy: An Empirical Analysis

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ABSTRACT

The aim of this study is to examine the supply chain performance of small medium enterprises (SMEs) in Vellore district. This research also determines the connection between market orientation and supply chain performance and the mediating effect of supply chain management strategy on the impact of market orientation on supply chain performance. The survey was administered and collected from employees and sales managers from three small medium enterprises (SMEs) in Vellore district. Correlation, regression, mediation effect using SPSS is performed to test the hypothesis. The findings of the study reveal that there exists a positive relationship between marketing orientation and supply chain performance and the manufacturing organization's supply chain management strategy mediates the connection between marketing orientation and supply chain performance.

INTRODUCTION

The accomplishment of an organisation is dependent on the successful supply chain which it takes parts as a partner (Zelbst, Green Jr, Sower, & Reyes, 2009). The term supply chain management plays a very vital role in organisation where it found to be combination of key business processes done among a system of suppliers, manufacturers, customers and retailers in order to ameliorate the stream of goods

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and services and provides information from suppliers to customers in order to mitigate system wide costs while sustaining service levels (Christopher 1998; Simchi-Levi, Kaminsky, & Simchi-Levi 2000; New & Payne 1995). According to Morgan (1997) termed integrated supply chain management as the alignment of buyers, suppliers, and customers and their processes to achieve an advanced form of competitive advantage. In the 21st century, supply chain management is viewed as principal future trend which is more significant for the purpose of purchasing and providing management professionals (Carter & Narasimhan, 1996). It is now the trend for most of the organization espousing supply chain management philosophy as a way of gaining competitive advantage. Competitive advantage in SCM context is entwined i.e. cost mitigation and revenue enhancement. Domestic supply chains involve international suppliers and customers and mastery of SCM which is now an input to competitive advantage. As far as today’s economy is concerned, the problem faced by most of the organizations to gain competitive advantage is by ameliorating supply chain performance. The contemporary firms started to pay more attention towards a shift in competition i.e. shift from competition between firms to competition between whole supply chains due to inability of the firms to compete with their suppliers (Ntayi, Gerrit, & Eyaa, 2009; Hult, Ketchen, & Arrfelt, 2007). Supply chain performance pays more attention by enabling supply chain to meet the needs of the customers which in turn benefits the organisation (Zelbst, Green Jr, Sower, & Baker, 2010). Supply chain performance is likely to collapse if they met with the failure and therefore it is terminated out of the market (Eyaa & Ntayi, 2010). This critical scenario enforces the firms to give more consideration to supply chain management capability through ameliorating or maintaining competitiveness.

It is essential to be aware of functioning of supply chains but as far as developing countries are concerned there is a lack of knowledge about functioning of supply chains. Henceforth it is necessary to spot out the predictors of supply chain performance so as to develop a system to ameliorate the performance and competitiveness of organisations (Ntayi, Gerrit, & Eyaa, 2009). According to Min and Mentzer (2000) explored the association between market orientation and supply chain management and found out that market orientation plays a basic role in supply chain management and it calls for more empirical studies in this field. Similarly Green et al. (2006) also integrate supply chain performance in the association between market orientation and supply chain strategy. Market orientation is employed here to bring in the marketing concept which satisfies the needs of the ultimate customers superior than their competitors (Manson & Harris, 2006; Racela, Chaikittisilpa, & Thoumrungroje, 2007; Zhou, Chao, & Huang, 2009). This research determines supply chain performance of SME’s in Vellore district. Vellore has 12,396 micro and small enterprises which includes leather industries that accounts for 1226 leather units, textile and handloom industries that accounts for 1200 textiles, safety match industries that accounts for 110 safety match enterprises. Nearly Vellore has about 300 medium scale enterprises and among those industries The Brakes India Ltd, and EID Parry Ltd are one of the popular enterprises located in Sholinger and Walajah blocks (MSME, 2012). It is also obvious that only scanty research have been carried out about supply chain performance especially among SME’s in Vellore district. In order to improve supply chain performance, there is a desire to briefly understand and gain knowledge about functioning of supply chains. Given the decisive role of SME’s in both developed and less developed economies (Antony & Bhattacharyya, 2010; Confederation of Tanzanian Industries, 2009) the SME’s supply chain management should be investigated briefly, as execution of supply chain management ameliorates competitiveness (Thakkar, Kanda, & Deshmukh, 2008; Gunasekaran, Patel, & McGaughey, 2004; Calipinar 2007; Hult, Ketchen, & Arrfelt, 2007). As there is a scanty of studies on the relationship between market orientation, supply chain performance, and supply chain management strategy in
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