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SUPPLY CHAIN MANAGEMENT IN INDIAN AUTOMOTIVE INDUSTRY: COMPLEXITIES, CHALLENGES AND WAY AHEAD

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ABSTRACT: -

Philosophically, employee retention is important; in almost all cases, it is senseless to allow good people to leave your organization. From a philosophical standpoint, keeping good employees is crucial; in nearly every situation, it makes no sense to let them go. Intellectual property, connections, financial and time investments, a few employees, and a portion of your future are all taken with them when they depart. Organizations can increase employee commitment and workforce support for important company goals by implementing Employee Retention Strategies.

KEYWORDS: *Supply Chain Management, automotive industry, Supply Chain Challenges, Assembler-supplier synergy, India.*

INTRODUCTION :

Human Resource Management

Human resource management (HRM) is the purposeful and cohesive approach of an organization's management to its most valuable assets: its employees, who both individually and collectively contribute to the accomplishment of the company's goals. As a word used to describe the procedures involved in managing people in organizations, "Personnel Management" has mostly been superseded by "Human Resource Management" and "Human Resources" (HR). The field of human resource management, which covers the theoretical and practical methods of managing a workforce, is a fast developing academic subject and corporate practice.

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methods of managing a workforce, is a fast developing academic subject and corporate practice.

Over the past 20 to 30 years, there has been a massive shift in HRM capacity and HRD calling. Many years ago, large organizations looked at the "Work force Department," mostly to deal with the printed materials related to hiring and compensating people. These days, associations view the "HR Department" as playing a significant role in hiring, training, and managing people in order to ensure that both the association and the individuals are operating at their highest level in a very fulfilling manner.

Everyone agrees that the automobile sector is a key contributor to the global economy and a major force behind the expansion of a country's economy. It has been said that the car is "both a form and function" product that requires a high degree of engineering and is marketed as a fashion item. Since it utilizes the products of almost every manufacturing sector and supports both upstream (mine, steel, etc.) and downstream (banking, insurance, after-market, etc.) businesses, the sector has earned the moniker "the industry of industries." As a result of technological breakthroughs, engine brake systems, steering systems, built-in test equipment, entertainment and navigation systems, and improvements in materials and design, electronics (sensors, actuators) have replaced mechanical assemblies. Major emerging markets with strong domestic demand and sufficient local production are Brazil, China, and India. Despite having the highest number of inventory turns and best-in-class delivery performance (97.3%), global automakers have the lowest EBIT margins (10.4%) when compared to industry leaders. The sector requires extensive operational planning and execution at all management levels due to its asset, material, and labor-intensive nature. At the stages of incubation, penetration, and sustainability, government interventions have played a significant role in the growth of the automobile industries in South Korea, Brazil, China, and the United States.

AUTOMOTIVE INDUSTRY IN INDIA: PRESENT SCENARIO

Despite having its roots in the 1940s, the Indian automobile industry has grown significantly over the past 20 years, mostly as a result of economic liberalization and 100% foreign direct investment. Due to the country's vast pool of trained people, low production costs, quicker design and development process, and rising market position, international auto and component manufacturing companies are encouraged to set up manufacturing and R&D facilities. These businesses outsource the majority of their operations locally while maintaining control over strategic procurement and product development. With 77% of the manufacturing value going to the organized sector and the remaining portion going to the SME sector, the industry is made up of a number of groups, including assemblers, multi-national assemblers, Indian component suppliers, and multi-national component suppliers. Each of these groupings has unique strengths and weaknesses.

MAJOR ISSUES IN AUTOMOBILE SUPPLY CHAINS

Supply chains are the culmination of efforts to integrate a network of firms and coordinate information, material, and financial flows. They are aptly defined as a "... network of organizations that are involved, through upstream and downstream linkages, in the various processes and activities that produce value in the form of products and services in the hands of the ultimate consumer." It is interesting to note that the top two supply chain objectives have changed from lowering overall inventory levels and operating expenses to focusing on ways to enhance customer service and expedite product delivery to markets.

Supply Chain Challenges

Visibility, cost containment, risk management, rising consumer demands, and globalization are the top five global supply chain concerns [40]. It is important to observe that, internationally, automotive supply chains fall behind other supply chains (such retail, pharmaceutical, etc.) in these five characteristics. This clearly shows how much development is needed to make them more responsive and effective. The current Indian auto and auto component manufacturers, who have hardly any integration, are under sudden pressure to quickly adopt global standards and practices and introduce or vitalize supply chain processes due to the surge in demand over the past ten years. This has created challenges in technological preparation and transition management almost dynamically without affecting the brand image.

Leveraging Technology and Visibility :-

Technology is frequently viewed as a supply chain enabler, lowering inventory levels and stocking, cutting lead times, and encouraging a cooperative attitude with suppliers and dealers, according to a poll of leading Indian automakers [51]. In most companies, IT managers report a "lack of congruence" between business objectives and IT deployment plans. Despite a high level of awareness among Indian Tier-1 companies, the use of productive-enhancing tools like data analytics, ERP, RFID, etc. is still low [33], especially among Tier 2 suppliers because of obstacles like organizational, financial, cultural, and technological barriers.

Performance Measurement and Quality :-

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WAY AHEAD FOR INDIAN AUTOMOTIVE SUPPLY CHAINS :-

The issues related to current SCM practices, challenges and complexities are indicative of the fact that the Indian automotive industry, is entering a very competitive phase. There is therefore a need to identify key contemporary trends which the industry is likely to face in the future and consequently, dynamically adapt respective supply chains to maintain and enhance their competitive edge. This section enumerates some strategies for overcoming challenges, identifies future trends in the automotive supply chains and matching contemporary SCM practices. Finally, three significant aspects facing Indian automotive supply chains in the near and medium term are discussed, these being – visibility and innovation, collaboration and supply networks and evolving role of managers and leaders. A suggested framework (Figure 3) on future trends and changes which are likely to impact Indian automotive supply chains in the near future is presented.

Collaboration and Supply Networks :-

The relationship between suppliers and assemblers is drastically shifting. In order to ensure quality and delivery, suppliers are being given more responsibility for product design and development. In addition, assemblers are concentrating on fewer suppliers, strengthening their integration and cooperation with them [47]. Because of this, it is essential that SME-focused suppliers become more creative and embrace cutting-edge technologies and supply chain best practices. A "holistic integration of all suppliers to combine resources as well as boost flexibility and adaptability of the value creation process" is what "supply networks," a concept being developed in the intricate automotive supply chains, entail [47]. Supply chain cooperation is elevated to a whole new level by strategic sourcing, which seeks to find and choose suppliers for a long-term partnership [72]. To guarantee flexibility and agility in the supply chain, the current system of focal organizations managing interactions with suppliers in the Indian automobile industry needs to undergo drastic adjustments.

Methodology:-

The research approach employed for this thesis has been the main emphasis of this chapter. The researcher visited each of the chosen automakers and gathered data after methodically choosing the research approach. In the following chapter, raw data is tallied and methodically presented with a detailed analysis.

Conclusion:-

There is enormous potential for supply chain integration at the national level [49], but the Indian sector has not yet caught up to the supply chain standards of wealthy nations [76]. The report highlights several future trends in the car sector that need for major adjustments to supply chain procedures in the automobile industry. The industry also need outside assistance in the form of infrastructural development and favorable government

laws and policies. To meet future, strict regulations, the industry must concentrate on developing green technologies like hybrid cars, low-emission and fuel-efficient vehicles, cost control across the automotive value chain (e.g., frugal engineering in the development of the Tata Nano), increasing R&D investments and efforts, particularly in the auto component manufacturing sector, and scaling up to increase exports.

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