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A Review Paper on Supply Chain Management Strategies in UK Textile Industry

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Abstract: This study intends to bridge the extant literature and knowledge gap by investigating UK textile manufacturing to demonstrate the effect of supply chain practices and organisational performance. The significance of this research cannot be understated and will be of great significance to textile companies in the UK and globally as it will offer beneficial preferences into the idea of effective supply chain management practices and their impact on unit performance. In addition, their stakeholders will gain a better understanding of the barriers to implementing effective SCM practices and make relevant recommendations on how to address them. Policymakers and governments will also benefit from this research on appropriate strategies for implementing supply chain management practices. In addition, this research also has great importance for other scholars and students who are interested in conducting similar research, so it can be used as a reference for the literature. This study will open avenues for the UK scholars, providing them the opportunity to establish the relationship between supply chain practices and organisational performance.

Keywords: Supply Chain Management Practices, UK Textile, Manufacturing

1. Introduction

Supply chain management (SCM) as demonstrated by Ashby et al. [1], defines the strategic and effective collaboration of all conventional business functions and strategies, which are important to enhance the overall supply chain. Therefore, SCM mainly focuses on the complete integration of material flow and information flow throughout the supply chain as an effective competitive advantage. As a result, many textile companies have recognised that SCM is the key to enhance performance and gain competitive advantage [2]. Because of the nature of the industry and its intense competition, textile companies must understand the powerful relationship between SCM practices and organisational performance.

Companies have high anticipations for effective SCM practices, seeing them as the core to increase profits, increasing competitive advantage and increasing market share. Jack and Powers [3] point out that strategic supplier partnerships provide companies with significant benefits through improved financial performance. Kumar et al. [4] argue that

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customer/partner practices further contribute to organisational performance. Effective supply chain information sharing is associated with cost reduction and organisational performance. Therefore, the textile industry must regulate under a wide variety of information. Information is often important for planning and implementing decisions. A significant number of managers have revealed significant emphasis and challenge to enhance the quality of information. On the contrary, many companies experience widespread changes in information because of demand and supply uncertainties, which can lead to changes in customer tastes and preferences. Subsequently, the researchers suggest, this has led to more companies adopting effective supply chain practices to increase supply chain information sharing. Despite the high hopes of management and the numerous benefits of effective supply chain management, Oelze [5] found in his study that many textile companies have yet to implement effective supply chain management practices. Therefore, this results in most of them lack behind in organisational performance and gaining a competitive edge in the market. There is little empirical literature examining effective SCM practices, so extensive research and studies are needed to establish the association between SCM practices and organisational performance. Thereby, this study intends to bridge the extant literature and knowledge gap by investigating UK textile manufacturing to demonstrate the effect of supply chain practices and organisational performance. They will learn information about supply chain management, its impact on organisational performance, and the challenges companies face in implementing supply chain management practices. Likewise, they will learn about the various ways to deal with challenges and thus adopt SCM methods to improve performance and gain a competitive advantage.

2. Review Analysis

2.1 Supply Chain Management Practices

2.1.1 Customer Relationships

Customer relationship is a core strategy in supply chain management. It has been observed that organisations excelled in customer relations, a situation that contributes to a competitive advantage over competitors. In addition, organisations should regularly assess the importance of their relationships with customers. It is also evident from the body of literature that business relationships are very important to ensure a firm's performance and competitive advantage. Vivek et al. [6] emphasised that customer relations require multiple ways to manage customer reviews and feedback, build relationships with them, and enhance customer value and service. Likewise, Cho et al. [7] confirmed that increased business relationships help to improve demand analysis and thus assist in the planning of resources and materials and ensure operational efficiency. Building a positive relationship with customers helps businesses connect more closely with customers, allowing them to stay tuned to their wants and needs. By doing this, customers become loyal and most of them are retained with the company, which brings a lot of profit to the company. Loyal customers are always good ambassadors, so it is good to promote the company and thus create a good image for the company and attract more and more new customers.

2.1.2 Information Quality and Sharing

This is clearly stated in the literature, where information quality is considered an essential factor in production. The concept of quality information is to provide customers with

diverse and effective information to help customers understand and obtain services and products. Nikolaou et al. [8] argued that information quality is believed to enhance firm performance by providing accurate descriptions of services and products. Information sharing develops cohesive trust among supply chain partners, encouraging each of them to achieve organisational goals [9]. Hence, this helps in increasing the performance and productivity of the organisation.

2.1.3 Supplier Partnership

Supplier cooperation plays an important role in securing a competitive edge. Supplier cooperation includes the alliance that exists between a company and its suppliers. Strong relationships are formed when companies review the regulations of suppliers, hold regular meetings, and link their policies to them [10]. With this, companies can receive raw materials as needed in the shortest possible time and thus shorten the delivery time. As a result, the product arrives at the customer's bench as specified and increases customer satisfaction. Moreover, through strong supplier partnerships, suppliers provide high-quality raw materials and produce high-quality products and services, thereby increasing the company's profits.

2.1.4 Outsourcing

Mohiuddin and Su [11] believed that in today's highly competitive market, several companies choose to outsource some services to increase efficiency; in addition, they hope to reduce administrative costs to focus on general business. Outsourcing refers to activities where a company outsources services performed internally to a third party. Usually, most companies focus on outsourcing part of their business after looking at their core business. Some of the main advantages of outsourcing are: increased expertise, reduced costs, positive brand image, augmented productivity, greater emphasis on employee well-being, and elevated knowledge of procedures and new systems introduced by third parties.

2.2 Effects of SCM Practices on Organisational Performance

2.2.1 Reduction of Manufacturing Costs

Outsourcing is described as one of supply chain management. As mentioned in the above section, outsourcing is conceptualised as an approach to contract with third parties for services that an organisation cannot provide internally. According to the study, one of the obvious advantages of outsourcing is lowering production costs. Companies get work at the lowest cost and with the highest quality. In addition, it eliminates the cost of technology and infrastructure investments. In today's economy, technology advances at an ever-increasing rate, and the faster it advances, the more expensive it is to integrate it into business operations. Instead, third parties undertake business processes and help develop their infrastructure [12]. SCM practices are also outlined to increase operational efficiency, so there are no machine breakdowns or breakdowns that could be detrimental to the business, resulting in cost savings.

2.2.2 Product Innovativeness

Di Benedetto [13] argued that innovative products and services broadly break through stagnant markets and meet customer needs and wants. Innovation often allows a company to remain pertinent in the marketplace and drive growth and success. Product innovation refers to the process by which companies create new products or improve existing products to meet customer needs. SCM practice helps to increase product innovation. Through strategic supplier partnerships, suppliers provide companies with high-quality raw materials suitable to enhance current products as well as developing

new ones. Building strong relationships with consumers allows businesses to keep up with their needs, preferences and demands. In this regard, companies can adapt to changing trends and patterns and thereby meet the wants and needs of customers by offering products for customers to choose from.

2.2.3 Improved Efficiency and Quality

SCM practices facilitate to automate business operations and processes. Having access to new technology facilitates in ensuring operational efficiency. Information can further be shared promptly with supply chain partners, simplifying the decision-making process. Likewise, organisations can anticipate customer needs and thus produce products that are tailored to customer needs. Automation can capture high quality information. With the help of high-quality information, organisations can make excellent decisions that increase operational efficiency and improve the quality of services and products, thus increasing consumer satisfaction and attracting more market share to the organisation.

2.2.4 Improved Delivery Time

With better supplier collaboration, products and services can be provided to the customer's door as accepted on the order receipt. Most of the time, companies lose money on slow shipments to consumers. Customers often get frustrated when a product is delivered later than anticipated. This impacts their satisfaction and eventually they require these services from suitable firms. Consumers are always satisfied when the product reaches their site within the stipulated time. Therefore, they could buy products from the firms and share their experience with their friends, thereby covering more new customers. In contrast, it is possible by implementing supply chain management practices. If a company experiences delivery delays, it can opt for outsourced logistics services to meet customer needs and demands by assuring speedy delivery of goods and services [14]. Some manufactured products can be fragile, so delays can cause product damage, costing the company a lot.

2.3 Challenges Experienced by Organisations to Implement SCM Practices

2.3.1 Complicated Social Media Platforms

Technological advances, cloud communications and the Internet have recently developed in importance for businesses. Companies are trying to keep a close eye on consolidation trends and advancements, making sure to leverage them to increase the efficiency and productivity of business processes. However, a major problem with this advancement is that it leads to many devices, resulting in complex networks that are difficult to administer. With the complexity of the Internet, more risks and security threats are introduced to survive and run a business. Berger and Jones [15] stated that cybercrime is evolving as technology and networks evolve, allowing hackers to gain access to sensitive corporate data and information. This can cause harmful losses and affect the survival and development of the company. As a result, most organisations fail to adopt SCM practices in their processes and operations.

2.3.2 Failure to Engage the Stakeholders in Decision-Making

All parties have a direct or indirect impact on supply chain operations. Without one party involved, supply chain inefficiencies can result. When a person is marginalised in decision-making, he feels that he does not belong in the company and is therefore not ready to work towards the goals and objectives of the organisation. For example, failure to include suppliers in decision-making can create unfavourable costs for the company as suppliers may delay the delivery of raw materials or provide materials of lower quality. All this is due to adverse leadership within the organisation. Some managers find it best

for making decisions themselves regardless of engaging other parties. In particular, the preferences of all stakeholders are overwhelmed and become negative. Input allows supply chain partners to express their opinions and views, which are considered in the final decision-making process.

2.3.3 Paucity of Responsiveness by Customers and Suppliers

Communication is the core to the growth and success of an organisation and to building alliances between companies, suppliers, and customers. It has been argued that better supplier relationship management depends on open communication and transparency between companies and their consumers along with suppliers. In a situation where a company is communicating with a supplier or customer, the company should seek a variety of approaches for re-establishing a full relationship. On the contrary, this is not the case and most organisations face challenges that affect the adoption of SCM. Majority of them do not communicate openly with suppliers, which damages their relationships. When the alliance breaks down, companies cannot restore the relationship and explore the root cause of the breakup. Some suppliers end up damaging the reputation of the company and therefore it is complicated for the company to acquire more suppliers. This impacts the operations and procedures of the organisation as raw materials become restricted or more expensive to acquire.

2.3.4 Higher Extent of Operational Costs

Adoption of SCM practices does not come empty-handed, it requires resources and funding. Human resources are the implementer of SCM practices. Training is important to ensure that supply chain stakeholders effectively execute their intended roles and responsibilities. Regular training sessions and courses require considerable resources. Some managers believe that the implementation of SCM methods is a waste of time and resources due to higher costs. However, even though an integrated SCM practice might seem a little expensive, it can pay off big in the long run. As the literature review shows, SCM practices can facilitate in increasing product innovation. Through strategic supplier partnerships, suppliers provide companies with high-quality raw materials adequate to enhance current products along with developing new ones. Building strong relationships with consumers allows businesses to keep up with their requirements, preferences, and demands. In this regard, companies can focus on changing trends and patterns and meet customers' wants and needs by offering a diverse range of products for consumers to choose from.

3. Suggestions on Appropriate Initiatives in Overcoming the Challenges

Assuring the competitive adoption of SCM practices can be complicated and complex, but companies can engage in several factors to significantly improve the implementation of SCM practices. It is crucial for companies to have a good understanding of the supply chain and the business plans associated with it [16]. By gaining a better understanding of the supply chain, companies can identify the strengths and weaknesses of the supply chain and thus take proactive initiatives for enhancing its weaknesses and reducing potential risks.

Second, companies must pursue for forming supply chain committees. Lambert and Enz [17] argued that without a supply chain council, a visible and well-defined SCM practice or strategy cannot be accomplished, which leads to less efficient business operations and processes. It also provides supply chain leadership and management

support and helps to improve cross-functional communication to improve SCM throughout the company.

Third, companies must seek to form a properly staffed supply chain structure. The supply chain should continuously be properly organised and staffed for maximising efficiency. Supply chain leaders should enhance their strategic thinking to create value for the company by using strong communication abilities and relationship management. Effective communication can convince employees and staff to work towards the stated goals of the organisation.

Providing training and workshops to supply chain stakeholders can help ensure the successful adoption of SCM practices. Training facilitates in imparting skills, abilities and knowledge related to the supply chain. On the contrary, organisations must evaluate trainers during training sessions to ensure that training is effective. This helps gauge their understanding and pinpoint areas for improvement so that preventative action can be taken.

4. Conclusion

In today's world, companies operate in a dynamic and changing business environment. Due to increased competition in the market, most companies are going out of business. Managers look for ways to maintain market power and gain a competitive edge over competitors. SCM is the mere opportunity for many firms. Companies have high anticipations for effective SCM practices, considering them as the core to elevate profits, increasing competitive advantage and increasing market share. The UK textile industry is also not left out and is working hard to ensure it stays in the market. In conclusion, the operating environment of the textile industry is volatile, seasonal, and growing trends have a great impact on the growth and survival of most textile firms. Therefore, this study explored the effect of SCM in the UK textile industry.

The study has clearly identified that there is a significant positive relationship between SCM and organisational performance. The study identifies different approaches to SCM, such as “customer relationships, information sharing, information quality, outsourcing, and supplier collaboration”. According to the findings, building a constructive relationship with customers facilitates companies to engage more with consumers and thus be competent enough for monitoring their needs and wishes. This way, customers will be loyal, and most customers will stay with the company, so the company can earn massive profits. Loyal consumers are continuously better ambassadors, so it is good to promote the company and thus create a better portrayal for the firm and attract new consumers. Information and high-quality data in the supply chain has been described as useful in the decision-making process. Information is often shared between decision makers in the organisation and other supply chain partners, not only for comparison, review, or development of competitive strategies, but also to manage day-to-day operations and thus solve problems in real time base. Furthermore, the study reveals that supplier collaboration is the relationship that exists between a company and its suppliers. By reviewing supplier terms and conditions, holding regular meetings, and communicating its policies with suppliers, the company creates a strong supplier partnership that allows the company to gain a competitive advantage. Most importantly, as a research gap, a comprehensive framework is needed to identify the most appropriate SCM strategy to enhance the related performance measures associated and eliminate nonvalue-added practices.

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