

PERSPECTIVES IN SUPPLY CHAIN COORDINATION AND SUPPLY CHAIN EFFICIENCY

ABSTRACT

A supply chain is composed of independent business units that are interconnected through material, information and financial flows. Isolated decision making by these units often result in supply chain inefficiencies and infeasibilities. Literature has addressed these issues in a supply chain arising due to the conflicting objectives of the various partners involved and recommends supply chain coordination as a possible remedy. With growing global competition between firms and with further increase in complexity in supply network structures, supply chain coordination has started receiving more importance.

Supply Chain Management literature addressing coordination issues is a well researched area. However, not much has been covered on the existence of information asymmetry that affects the decision making in supply chains. The predominant approach in supply chain coordination has been the appointment of a central decision maker who will have the required information and

supply chain profits to the profits that could have been obtained had the chain been vertically integrated.

The current work addresses the following specific issues.

1. It provides a new mechanism in the form of reverse discounting for achieving supply chain coordination

2. It establishes the existing practices like Vendor Managed Inventory and Trade Credit as coordinating mechanisms.