Determination the Role and Problems of Inventory Management and Supply chain Profitability: A case study of Cement companies in Sindh, Pakistan

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Abstract

Cement companies are private constrained are considered as one of the Pakistan’s biggest revenue produced. Lucky is one of the biggest cement company in Pakistan. In arrange to improve its client fulfillment it offers a wide extend of items in terms of Cement, and cement based items. Lucky Cement has significant intrigued towards the Green Supply Chain Administration. Nevertheless, it is one of the changeableness assignments to execute the green supply chain administration over the conventional supply chain but it gets to be the need of the advanced time and its usage is advantageous through each angle of trade. The reason of this inquire about is to examine and analyze the challenges for Green Supply Chain Administration in Lucky Cement private limited constrained and to supply proposals in this respect. The investigate discoveries are based on SWOT investigation and to uncover equality, shortcomings, openings and dangers with regard to challenges confronted by Lucky cement in executing Green Supply Chain Administration. A few convincible proposals is been given in this respect to overcome the challenges confronted by Lucky cement in actualizing or to receive the Green Supply Chain Administration. This investigate is of subjective in nature and burn case think about technique is utilized for point-by-point examination of Lucky cement as it were. Through non-probability, based inspecting strategy essential in hand information based on organized interviews was collected from concerns. The discoveries of the investigate concludes that the Lucky cement require execute Green Supply Chain Administration in its fabricating and crude fabric acquirement prepare and has sufficient potential to actualize it in arrange to improve efficiency and to manage with the client and the administrative weight. The company can contribute straightforwardly on nearby agriculturists by giving mindfulness so that they can make strides the abdicate of eatable oil seed edit, the company can too collaborate with their providers in arrange to center on switch coordination’s of their cement from clients for reusing reason or by getting skill of Green Supply Chain Administration experts.

Key words: Supply Chain, Inventory management, Qualitative analysis. Cement industries.

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INTRODUCTION

Lucky Cement Limited was established in Pakistan in the year 1993 by Abdur Razzak Tabba. The company has joint ventures in Karachi with group of Yunus Brothers. Lucky Cement Limited manufacturing plant is situated in Karachi. The products of Lucky Cement limited includes Normal Portland cement, Sulphate Resistance Cement, Block Cement, and Clinker & also producing plentiful electricity to not only fill its own requirement but also providing electricity to Hyderabad electric supply corporation and now in the process of providing electricity to Peshawar electricity corporation. Over the years Lucky Cement Limited has been focusing on enhancing supply chain profitability. It has looked for various ways through which it can gain long term profits, reduce supply chain risks and gain competitive advantage. This is the reason why succeeding sustainability in the supply chain has been one of the major priorities of lucky Cement limited. However achieving sustainability in supply chain has been challenging for lucky Cement limited.

Research problem

Inventory costs impact on the profitability of the firm and thus its success. Inventory manipulation and its optimized alternatives depend on the identity of key success factors and proper choices at right time. In a dynamic market environment, it is critical to cognizance on the selection making and the factors influencing desire making a good way to optimize the outcomes of stock function. The survey method can supply a slight information about the variables and those have lot of biased records. The challenging problem in supply chain management area is Material demand management. Companies need to have standardized methodology for keeping inventories in warehouses to timely fulfill the demand of customer, within the period in-between the ones inventories have been keeping fees, which cannot be eliminated once it is applied. Thus, the challenge of stock control is to locate the amount of inventories an exceptional way to fulfill the decision for, averting overstocks. The research placed that business enterprise Y had some stock issues together with unorganized inventory affiliation, big number of stock days / no cycle counting and no accurate data balance due to untrained people. The have a take a look at additionally proved that there was a big courting amongst go decrease again on asset (ROA) and inventory days. This paper additionally provides advice to the commercial organization agency and for in addition research. As many research claimed that powerful stock manage tool will lessen the amount of problems of operations (Shiau Wei Chan 2017) and Inventory manipulate is commonly an important part of organization production and manage. (Chao et al., 2008). As mentioned above, inventory management control system enable managers to examine stock ranges, cycle time, wait time, output, gadget and human resource utilization and hundreds of various factors for his or her unique business employer (Chen, 2006; Cobo et al., 2011). The idea of stock control in preceding years has concerned responsiveness from the academia and industries (Prempeh, 2015). In trying to fasten the stock control on organization Performance, many choices are being taken to arrange for a Direction and technique for effectiveness and productiveness. The purpose of stock optimization method is to efficaciously control the operation and balance the customer support level and stock investment.
(Taleizadeh et al., 2015). In the past, inventory optimization approach issue remained existent. Inventory manipulation is one of the elements which could affect organization’s usual performance together with macroeconomic-, enterprise-, and company-precise dynamics such as possession shape, human capital, actual governance practices, excessive paintings morals, strategic route, powerful board and modernization (Ahmad et al., 2016) In assessment, accurate stock management will increase a commercial enterprise organization’s performance (Koumanakos 2008).

**Purpose of research**

Investigate the Supply chain sustainability related risks of lucky Cement Pakistan Limited, analyze the issues in this regard and provide the company with the relevant recommendation for better supply chain risk management.

**Research questions**

1- What are the challenges with respect to management of inventory management in Lucky Cement Pakistan limited?
2- How Lucky Cement Pakistan limited can improve its inventory management?

**Significance of the Study**

Inventory in a large organization makes up the largest item of working capital and therefore its control is very essential. It is important to apprehend that to an enterprise, inventory keeping or stocks keeping are essentially taken into consideration as a vital evil. They are pricey to maintain, each tie up strolling capital and furthermore incurring what can be huge price for the industrial agency enterprise employer in admire to garage (eg warehousing, Rent, Security and so forth). Determining the pinnacle-rated diploma of stock and appraisal of the selection rules for ordering stock constitutes the most crucial difficult problems facing the control. The acquisitions of raw substances have end up for maximum Pakistani organizations an essential element of the general coverage desire. The want has therefore arises for companies to comply on green and effective device of stock control.

**LITERATURE REVIEW**

The word “inventory” is defined in various ways. In full-size, inventories are the shares of raw materials, packaging materials, art work in method and completed items that seem in numerous elements in the direction of the organization’s production and logistic channel (Ballou, 2005). Pycraft et al. (2010) described inventory because of the reality the saved accumulation of fabric assets in a change gadget, at the same time as Chase et al. (2006) defined inventory as the stock of any item or property used in an enterprise business agency. Inventory control is typically an essential part of company production and Management. (Chao et al., 2008). The concept of inventory manage in beyond years has attracted interest from academia and company (Prempeh, 2015, 2016; Fosu, 2016; Mensah, 2016; Inventory is one of the most crucial and difficult assets in a declaration of Financial characteristic (moreover
referred to as balance sheet) that may be efficiently and effectively declared thru manner of an organization, no matter its duration, whether or not or no longer or not a big groups or smaller corporations (Elsayed and Wahba, 2013). Basically, inventory managing can be tremendously defined as a difficult and fast of rules, strategies and control system that display and test stock levels and thus predict stages where the inventory must be maintained, time needed to the inventory be replenished and the way the inventory number should be well-ordered. It is persevering with technique of making plans, dealing inventory that desires to reduce the spending in inventory, ordering and stocking at the same time (West, 2009). As most of the investment’s groups are into cutting-edge Assets and inventory represent one of the utmost huge section, the right amount of inventory convenience at the appropriate time is crucial (Carter, 2002; Prempeh 2016). Because of the monetary cost of inventory, capital output is advanced if inventory degrees are efficiently managed, as Inventories are idle assets of firms (Prempeh, 2016). Mwanzi 2016). Specifically, the functions of this have a look at are, first, to Examine the effectiveness of present day walking techniques (SOPs) on a commercial enterprise business enterprise’s Inventory manipulate; second, to pick out any ambiguities in practices and techniques on a employer corporation’s inventory control; to inspect the effect of stock Management on commercial agency company trendy performance. One production business enterprise commercial enterprise organization come to be decided on as a Case test, while COSO Internal Control – Integrated Framework 2013 have become used to Assess efficiency of practices and strategies in inventory control Inventory control is one of the forces that might have an effect on industrial enterprise corporation organization ordinary overall performance along macroeconomic-, company-, and enterprise organization-specific factors which encompass possession form, human resource, appropriate governance, immoderate paintings morals, strategic path, effective board and innovation (Ahmad et al., 2016; Husnin et al., 2016; Khadijah et al., 2015; Asmuni et al., 2015; Hashim et al., 2014; Jaafar et al, 2014; Manan et al., 2013; Husnin et al., 2013; Hamid et al., 2011; Koumanakos, 2008; Himmelberg et al., 1999; Bart and Baetz, 1998; Eisenberg et al., 1998; Hall, 1993).

Esther claimed that powerful stock manipulate machine need to lessen the volume of difficulties of operations, that could bring about the achievement of an corporation which include Executing, administrating and scheduling of distribution and delivery community. Thus, improving the Inventory manipulate of an agency will significantly decorate the awesome of the outcome of employer Performance. In different terms, the goal of stock manipulate is to ensure of the availability of the sources in a corporation. The study shows that fast moving inventory control will bring about profitability and excellent going for walks cash go with the go with the flow. This is due to the reality the control of stock is seemed as all of the strategies this is going into preserving the preferred diploma of inventory at the proper time, vicinity and quantity and consist of the governing, organizing, accumulating, looking for and the way stock is applied for productivity (Prempeh, 2016). Pandey (2005) sustains that the ones approaches maximize the pass lower again on charge range invested to get a effective bypass again. This is because in step with Peterson and Joyce (2007) on the subject of Pandey (2005), the flow lower back on budget invested right into a business enterprise ought in an effort to maximize profits above funding made. In an attempt to chain inventory manipulate on organization
Performance, many alternatives are being taken to provide a Direction and approach for effectiveness and productiveness. Empirical research have had severa findings performed globally on inventory manage. For example, Prempeh (2016) stated that there may be a substantial first-rate relationship amongst stock manage and profitability. Prempeh additionally cited that cross again on funding is maximized with the aid of lowering stock charge or cutting-edge property, and through the usage of optimizing income margins of inventory. Thus, profits can simplest be maximized by means of using minimizing rate as masses as feasible on the identical time as preserving awesome at all times considering that there may be constantly inmoderate demand for earnings fee reduction The maximum not unusual tool used to investigate the economic performance of the organization is the monetary ratio (Prior studies through Koumanakos (2008), Huson and Nanda (1995); Deloof (2003); Boute et al. (2004); Shin and Soenen (1998); Chenet al. (2005); Blazenko and Vandezande (2003); Vastag and Whybark (2005); Demeter (2003); Tunc and Gupta (1993) and Voulgaris et al. (2000). Esther additionally clarified that the stock out scenario will reason manufacturing delays, idle people, idle device and sudden supply order within the warehouse or retail manufacturing and these outcomes inside the loss of income and customer dissatisfaction. The time needed a issuer to acquire and process the order, and set up the shipping every so often is simply too lengthy. The enterprise may additionally gather the materials within a few hours from community providers and some days from the overseas businesses. Sometimes, a few months is needed to accumulate imported uncooked materials with a complicated distribution approach. Thus, the postponement within the delivery of raw materials will disrupt the manufacturing operation. Documentation/save information is one of the factors that have an effect on the inventory control and the cease result modified into in accordance with the studies performed with the aid of a preceding researcher, James Ng’ang’a. Based at the research give up end result, the factors - information and talent of employee is taken into consideration as main detail that would affect the effectiveness of inventory manage in manufacturing SMEs. Besides, the elements which have an effect at the effectiveness of stock manipulate are making plans, documentation/maintain facts, understanding of employee/personnel skill and funding. Therefore, the findings of the studies have demonstrated the guideline for the producing SMEs approximately the factors that affect the effectiveness of inventory manage and this guideline acts as a manual for the employers to triumph over the problem. In stop, all of the predetermined targets of the studies had been finished. The findings of the studies have recognized the maximum not unusual trouble of inventory control confronted by manner of the manufacturing enterprise are underproduction, overproduction, inventory out state of affairs, delays within the transport of raw materials and discrepancy of stock.

**RESEARCH METHODOLOGY**

*Single case study*

Case aspect at in gaining recognition among cutting-edge researchers (Yin, 2013). Case have an appearance at methodology could be applied for this task. Single case take a look at might be used in this context due to the fact a complete analysis could
be accomplished on Lucky Cement Pakistan limited. The focal point may be an exam of social measurement of deliver Inventory management Lucky Cement Pakistan restrained the take a look at will screen the agency’s projects, implementation guidelines and worries concerning social measurement of inventory management. A meticulous analysis of literature, secondary facts and my earlier expert vehicle enterprise sensible exposure may be used to searching for in all likelihood problems and subject matters with the assist of qualitative studies. Robust strategies might be considered to generate primary facts, which could mirror the answers of the questions in hand.

Research Approach

In this study, inductive approach is used in which inventory management related risk of Lucky Cement limited Karachi Pakistan is observed. This sustainability related risk management in inventory is compared with the academic and industry based literature.

Data collection

Exploratory research approach is use to analysis the problem which are not clearly defined and identified which help to improve the final research design (Zwinderman. 2014) qualitative research is use to find out the issues regarding this study. For this study qualitative research is use to identify the behavior of people and through interviews (Tona, 2017).

Primary Data Collection Method

Primary information is begin with initial level and it’s far more complicate to have a study at and it have foremost effect on selection-making (Reitz, 2015). Representative from sustainable businesses, human rights companies, deliver chain professionals, apparel-production professionals, consultants and academic scholars are predicted to be interviewed.

Non Probability Sampling Technique

For this study non probabilistic sample is used to select the sample of population on some specific criteria rather than selecting randomly (Mason, 2013). Inventory management reduces the risk and make alternatives strategies to improve the optimization. (Hallikas, 2012). As the study of qualitative study, it is recommended to use the 6-12 interviews until the data is saturated (Eisenhart 1989).

Ethical considerations

Research ethics involve requirement on daily works, the protection of dignity of subject and the publication of information in the research. Ethics are norms or standards for highlight the difference between right & wrong. They help to determine the difference between acceptable and unacceptable behavior. Ethical consideration is important for several reasons. They promote the aims of knowledge as well as the values required for the collaborative work, such as mutual respect
and fairness. Ethical issues are observed at a variety of stages in business and management research. Researchers must keep into consideration an array of ethical requirements: They must be professional in their approach and meet institutional and federal standards for conducting research, supervise students they teach and sort out authorship issues.

**Use of consent form**

The researcher hereby declares that the information in regards lucky Cement Limited (Pakistan) was provided by the manager of the company. None of the information mention in the on-going study has been altered or exaggerated. The consent form has been provided below as a proof:

**RESEARCH ANALYSIS AND DISCUSSION**

Examination of the information will be exhausted the portion that is based on the discoveries through the interviews done by the analyst and it will too be guaranteed that this research must bolster the investigation.

**Research Question Analysis:**

*What are the challenges with respect to management of inventory management in Lucky Cement Pakistan limited?*

Lucky Cement Company Limited is considered as one of the Pakistan’s biggest quick moving cement producer company. Clients incorporate common open that’s house hold clients and commercial clients as well. The vision articulation of the company expounds that they need to create a positive contrast within the lives of the individuals with their items and administrations which are coordinates with five principal values that’s responsible for their acts, reasonableness in entire handle, astuteness that’s having slid ethical standards, believe and individuals coming to their potential.

A session of interviews was conducted at Lucky Cement Company Limited restricted to explore how they adopt with the challenges connected to Green Supply Chain Administration with their current arrangements and strategies. With dialog with respect to current approaches, methods and challenges, I came to know that the company has genuine contemplations with respect to the Green Supply Chain Administration and subsequently maintainability so that it is not as it were useful for them and their clients but for the humanity. For preparing of cement, they have their major cement chemicals, that’s straight forwardly obtained from the nearby formers of Sindh and Baluchistan locale which is at the point carefully put away for brief period of time in their distribution centers in controlled environment and to anticipate it from moisture. They are as of now considering adjusting their arrangements as per the later acts of the government of Pakistan related to the positive natural commitment and economy as well. They are contributing a certain parcel if their benefit within the thinks about related to the health and horde culture since a tremendous parcel their cement is based on surrender of consumable cement
One of the surprising quality of Fortunate Cement is that they secure their crude fabric straightforwardly from their providers by their claim that’s there’s no any mediator included within the acquirement of their crude materials, it does not as it were makes a difference them to secure the way better quality but moreover makes a difference to fortify the relationship with their providers. After collection, data I came to know that still Fortunate Cement do not have the greener concept as a portion of its center methodology or its suggestion has not however been determined. The company does not have committed specialists in connection with green supply chain administration who can effectively communicate with supply chain accomplices within the setting of Green Supply Chain Administration. In spite of the fact that the higher level administration have clear concept of green hones but at lower level, the mindfulness information is less. The company does not have any certification at national or universal level with respect to green hones or environment administration system as a portion of their supply chain administration. The company too lacks within the administration of invert coordination’s.

Opportunities and threats in Lucky Cement with respect to Green Supply Chain Management.

As the Green Supply Chain Administration is the request of cutting edge time Lucky Cement looks for openings in a sense that it upgrade their client fulfillment thus create more incomes as presently a day’s clients are more mindful of the green items and are too cognizant almost its affect on them and on environment as well. It’ll moreover increment the get to universal markets in arrange to comply with worldwide guidelines and rule laid down by universal natural assurance organizations. They can have competitive advantage through their brand qualification by executing greener concept.

They may have to be bear tall starting fetched whereas having constrained assets in arrange to execute the Green Supply Chain Administration in terms of innovation, investigate and advancement. It may influence their adaptability in terms of choosing their providers since the constrained number of providers are steady with the greener concept and in the event that the companies makes gigantic speculation on their suppliers in arrange to advance the green considering and to induce greatest and sound abdicate their constancy on the constrained providers will be expanded.
DISCUSSION

Lucky Cement Company limited is one of the advertise pioneers of cement manufacturing plant in Pakistan but right now they are confronting a few challenges in arrange to adjust with Green Supply Chain Administration and to compliance with the legislative arrangements. In any case the current prepare of their supply chain administration is performing well but it don’t suggests green considering as much. However in long term viewpoints the company is contributing and supporting the various understudies within the thinks about related to the natural and chemical specialties in arrange to advantage the country by moved forward related to cement and other crude fabric, As Green hones and green buys brings down the commerce wastages, vitality and fabric utilization subsequently brings down the negative effect of item on environment all through its life (Sibel, 2019) In this respect they must center on to build and prepare the ranchers in arrange to urge prompt impact of moved forward abdicate that will quickly contribute within the appropriate and proficient utilization of assets that’s crude fabric in terms of cement conjointly decrease the carbon impressions or the outflow of greenhouse gasses amid the fabricating handle and thus leads towards sustainability (Kailash, 2019) Stated that moved forward natural execution is specifically connected with the operational execution but on the other side it too needs more venture in terms of updating innovation, preparing workforce, buying of eco-friendly crude materials, and other assets.

The other vital thing is to center on invert coordination is that is the purge tins & plastic bottles of consumable oil for the reason of reuse, which may something else, fall apart the environment. One more important factor that has to be considered is to induce the ability of Green Supply Chain Administration pros that can administer and make their suggestions to adjust with Green Supply Chain Administration. As administration point of see the company has propelled qualified staff and professional in each division who are collaboratively sharing their mastery and making the complete prepare opportune and productive. Since Green Supply Chain Administration could be an early concept in Pakistan and is in evolving stages Lucky Cement can get advantage of an early adopter in cement makers companies and can incite the client consideration. Actualizing green considering among distinctive regions of supply chain moves forward over all organizational, natural and monetary execution in this manner makes a difference to pick up the competitive edge (Khan, 2018)

CONCLUSION

Through the data assembled in past chapter, it is concluded that Lucky Cement Limited Company in spite of the fact that have proficient and up to the check handle of supply chain administration but still they got to center on their switch coordination’s and superior crude fabric obtain menthe’s progress eradicate of eatable oil seed trim in arrange to enhance the yield and subsequently to decrease the wastages and residues to create their supply chain greener. They are more over missing within them maintainable or green natural specialists who can viably contribute in arrange to move towards Green Supply Chain Administration and to
adjust with social compliance.

**Implications**

The existing supply chain administration of Lucky Cement is not adjusted with the natural concerns and subsequently supportability. Hence, the company ought to include the more weight within the best administration and supervisors duties to apply hones related to Green Supply Chain Administration and ought to display the true concern in its execution. Lucky Cement ought to adjust its corporate methodology with regard to green natural considering. The company can do this by doing comprehensive assessment of its providers and must center on the collaborative endeavors of providers for much better crude fabric obtainment and on its clients as well as their enterprise in making the invert coordination’s is of more noteworthy significance.

**Limitations**

One of the restriction is that as it were experts related to the particular industry are met in arrange to induce the vital data. The company’s center operation is related to quick moving client great items hence the authorities are restricted to clarify the center capacities in connection with Green Supply Chain Administration inside the situation of quick moving customer products. They have not completely unveiled the real actualities and figures related to their administration of supply chain as economical point of see. Administration was standing up to in giving subtle elements related to their plans in arrange to dodge data breach.

**Recommendations**

In arrange to compliance with the worldwide and administrative methods and approaches related to natural concerns and to spare the environment from destructive impacts the Lucky Cement must center on to receive the Green Supply Chain Administration this will not as it were offer assistance to progress its efficiency but moreover makes a difference to urge more client fascination as they are getting to be increasingly mindful around the green considering and its impacts and subsequently it’ll offer assistance the company as well in arrange to urge the competitive edge over the rivals and within the industry. This could effectively be executed with the readiness of best administration, by aligning the outside partners and by centering on switch logistics as well. By taking green activities, Lucky Cement can deliberately position itself among the primary movers in quick moving buyer merchandise industry in Pakistan with more prominent natural concerns and can get the competitive edge.
REFERENCES


