

IMPACT OF SUPPLY CHAIN DIMENSIONS ON CUSTOMER SATISFACTION

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Abstract

There is no many organization or institution that provides goods or services to customers without other organization cooperation. In this study, the dimensions of supply chain relationships include communication, cooperation, commitment, dependence, conformity and trust are studied. Customer satisfaction was considered as one the important criteria for the quality part. Then, the relationship between two variables was determined. The result showed that communication and dependence have highest and lowest relationship, respectively with customer satisfaction. In the end, it is found that the supply chain management has direct relationship with customer satisfaction.

Keywords: Supply Chain, Supply Chain Management, Customer Satisfaction, Quality of Supplier Relationships.

1- INTRODUCTION

Today's, management identified the customer satisfaction as the main item in business and indicated that the company's success depends on improving management relationships. The current business environment is very different from the past and the competition has a special role (Gilaninia & et al, 2011). New forms of structural reforms, competitive and exchange process causes communication paradigm for the long-term relationships between buyers and suppliers (Seyedi, Moosavi, Heidari, 2009). Activities such as supply and demand planning, material preparation, production and product planning, product service, maintenance and inventory control, distribution, delivery, customer service which used to be performed by company, now it has be done by the supply chain. A key issue in the supply chain management is to control and coordinate all these activities. Supply chain management is a phenomenon that provides the fast and reliable service with high quality and lowest cost to customers (Maboodi, Javanshir, Rashidi, Valipour, 2010).

In the present competitive market, evolution and rapid changes has compelled the organizations to overcome the competitors by taking more attention on systems that influence the progress of organization activities (Shekari, Akhondi, Fatollahi, Sayadmanesh, 2006). Therefore, new approaches and attitudes about supply chain management have developed. In general, the supply

chain is composed of two or more organizations that are typically separated and related to each other by the information and financial flows (Maboodi, Javanshir, Rashidi, Valipour, 2010). Therefore, this study presented the definition of supply chain management, and then investigated the relationships between suppliers and customer satisfaction was investigated.

2- PROBLEM STATEMENT

Today's, to develop and survival in economic competition, Companies and organizations should be given special importance to customer orientation and build strong relationship with the buyer of goods (Abbasi, Torkamani, 2010). The customer is central to all marketing activities (Gilaninia&Et Al, 2011).Senior managers know well that their success in achieving the overall goals of the organizations is customer satisfaction (Seyedi, Moosavi, Heidari, 2009). In the age of global competition, the various products should be available according to customer's request. Customer demand for high quality and fast services has increased pressure on companies, so that the companies cannot manage all things alone (Heidari Gharehbagh, 2009).

Organizations have used different ways to review and revise their strategies and found the satisfaction of customer as the key of survives. For effective supply chain management, supplier and customer interact together in a coordinated way and using sharing and full information communication. This rapid flow of information among the chain elements enables them to create an effective supply chain (Shekari, Akhoondi, Fathollahi, Sayadmanesh, 2006).

3- LITERATURE REVIEW

Supply chain needs to be considered in any product and sales strategy to provide services to customer. Brian Fynes, Chris Voss and Sean de Burca (2005) studied the effect of supply chain relationships on quality performance and found the answer of this question that 'Is it possible to measure the multi-dimensional nature of supply chain relationships in terms of a higher order construct?'

Define supply chain management by analyzing concepts into both supply chain and supply chain management terms (Gilaninia & et al, 2011). Supply chain management is the result of the logical development. In the 1960s, experts elaborated the internal relationship between the storage and transportation, the result of study was distribution management. The term "supply chain management" has been studied seriously from early 1980 and many researchers provide a framework and model for it. For instance, Forrester presented the first model which it has been known as an ideal model for supply chain (Doroodchi, Nikmehr, 2007).

4- THE CONCEPTS AND TERMINOLOGY

4-1- Supply Chain

Researchers have presented different views and different definitions of supply chain. Some definition of supply chain is limited to the relationship between buyers and sellers. This approach focuses on the purchase in the organization. Another approach has a larger view to supply chain which includes the sources of supply for the organization. Third approach is Porter's value chain in which supply chain balance all activities required to deliver a product or service to final customers (Rajabzadeh, Khadivar, Kazami, 2007).

- In a supply chain, customer, suppliers, transport companies and even competitors are united and form a network making best use of time and used resources (Dolatabadi, bazrpash, 2006).

4-2- Supply Chain Management

Supply chain management is integrated philosophy in the management of the distribution progress from supplier to final user. Another definition is Integration of important business processes from final user until main supplier which increases the products, services and information, and gives more value to customers and shareholders (Gharebagh, 2009). Supply chain management is a guiding concept of functional integration beyond individual firms onto networks of organizations (Gilaninia& Et al,2011).

Supply chain management is one of the most effective approaches which reduces production costs and provides waiting time. There are many definitions of supply chain management, almost all of them include coordinating production, inventory, transportation and information and knowledge between the components of a supply chain to obtain the best possible combination of responsiveness and efficiency for the market where it is fed (Rajabzadeh, Khadivar, Kazemi, 2007).

Supply-chain management is a set of techniques that is used for the effective integration of suppliers, manufacturers, warehouses and stores, so that the volume of goods are produced and disturbed in the right place and time to minimize the total cost of the system to satisfying some service-level requirements (Manian, Deghan nayyri, Akhavan Anvari, Ghorbani ,2010).

4-3- The Concept of Customer and Customer Satisfaction

The customer is who the organization is willing to affect his behavior by the values that are created. Customer satisfaction is an important issue which is related to compete in global level. Edward Deming believes that the quality is associated to customer satisfaction. Therefore, this can be as an indicator of the effectiveness of customer satisfaction. Considering the above definition, Rap defined the customer satisfaction as a personal approach of the comparison between actual productivity and efficiency expected of a company (Dehморde, Shahraki, Lakzae, 2010).

Customer is a person who organization is willing effect on her/his behavior with creates worth. Customer satisfaction is defined as customer's feelings or attitude towards a product or service after use. Customer satisfaction leads to the increase of income and profits through repeat purchase, the purchase of new goods and the purchase of goods by customers who have been encouraged by satisfied customer. Customers who have high satisfaction of organization give positive experiences to others, and thus they ad for the organization, as a result, reduce the cost which is spend to attract customers (Kavandi, Shakeri, 2010).

4-4 Dimensions of Supply Chain Relationships

There are four main characters in the supply chain which include suppliers, manufacturers, distributors and customers. Thus, understanding the relationship between the mentioned groups and efforts to optimize this relationship is the major issue in companies. Perhaps the difficult and important issue in supply chain management is to manage relations between the four main

characters, because they have the tremendous effect on all aspects of supply chain and its function level. Many companies supply chain is result of poor transmission of expectations and behaviors that occur between characters of the chain (Dehmore, Shahraki, Lakzaie, 2010). In addition, for result enjoyment, the effective management of relationships is necessary in supply chain that suppliers and customers work together in a coordinated, integrated way with observing of partnership principles, communication, information and dialogue. Suppliers and customers should have the same goals and trust each other (Rajabzadeh, Khadivar, Kazemi, 2007).

According to conducted research by Brian Fynes, Chris Voss and Sean de Burca (2005) various dimensions of relationships quality with supply chain are:

1- Communication: is defined sharing formal and informal of important information between partners. Communication is essential for partners' success (Maboodi, Javanshir, Rashidi, Valipour, 2010).

2- Trust: is one of the important structures in the analysis of exchange relations. In marketing literature, trust is the sense of confidence in the relationship which increases the cooperation of two sides (Vazifedoost, Niknezhad Tehrani, 2008).

3- Conformity: Compatibility of suppliers with the basic needs of customers and also, matching customers with the capabilities of suppliers is called conformity of suppliers relationship. Conformity is occurred by investments in product, process technology and human resources (Maboodi, Javanshir, Rashidi, Valipour, 2010).

4- Dependence: Dependence refers to the partners wanted to maintain relationships to achieve desired goals. Dependence between two companies is the function of transaction amount a company with another company and the amount of benefit which a company receives another company cooperation (Maboodi, Javanshir, Rashidi, Valipour 2010).

5- Commitment: Commitment can be defined as a desire to maintain mutually valuable relationships. Therefore, to achieve commitment, the strategy of organization should be customer-oriented, long-term and base on mutual benefits (Vazifedoost, Niknezhad tehrani, 2008).

6-Cooperation: is defined as relations between the two companies to achieve the ultimate goals and exchange the Isolation behavior to partnership. Exchange information on production, processing and analysis of products can reduce production costs and improve the innovation of new product process (Maboodi, Javanshir, Rashidi, Valipour, 2010).

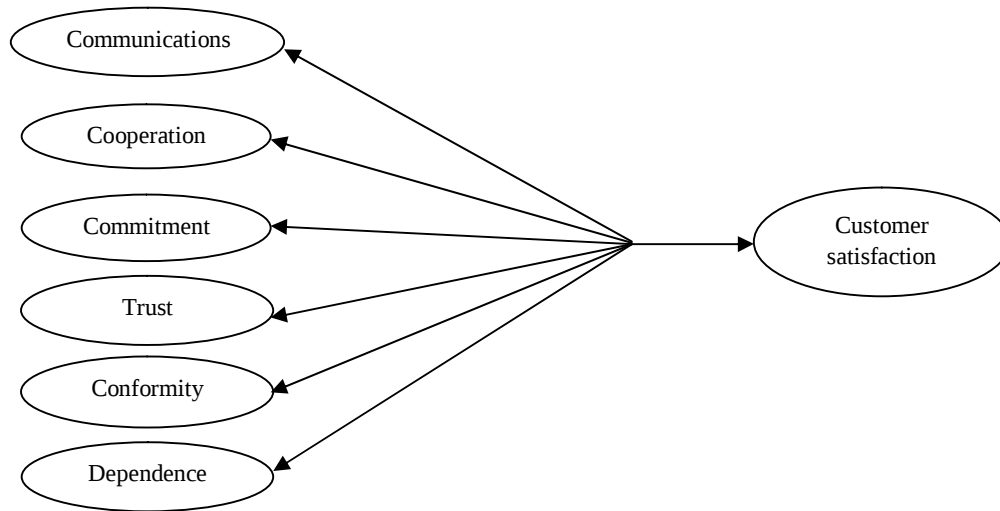


Figure1. Conceptual model for supply relationship quality

5- METHODOLOGY

Based on the literature, variables were described in pervious section. To prove their effectiveness can be cited to the research of Maboodi, Javanshir, Rashidi, Valipour (2009) which investigated the effect of supply chain management on customer satisfaction in textile industry.

Regarding to research Conceptual model hypothesizes are:

Hypothesis 1: communication among members of textile products supply chain causes the customer satisfaction.

Hypothesis 2: Cooperation among members of textile products supply chain causes the customer satisfaction.

Hypothesis 3: Commitment among members of textile products supply chain causes the customer satisfaction.

Hypothesis 4: Conformity among members of textile products supply chain causes the customer satisfaction.

Hypothesis 5: Dependence among members of textile products supply chain causes the customer satisfaction.

Hypothesis 6: Trust among members of textile products supply chain causes the customer satisfaction.

The method used in this study is field research method to examine correlation between two independent and dependent variables. Data collection tool of this study is a questionnaire. In this

research, two questionnaires are to suppliers which include 19 optional questions. Another questionnaire is for customer of supply chain (Mazandran textile company) which include 13 optional questions to evaluate the customer satisfaction. All questions were prepared in distance scale and Likert rang.

Statistical society of this research was the number of Mazandran textile company supply chain included thirteen supply chain. Simple randomly sampling was used to select supply chains. Supply chains contain suppliers of cotton and yarn which supply the raw material for the company. The reliability of the questionnaire was measured using Cronbach's alpha test 85 and 86%.

6- ANALYSIS

To show a linear relationship between variables, the Pearson correlation coefficients were used, because both variables were the distance type. The correlation between independent variables and the dependent variable is calculated in Table 1.

Table 1. Statistical results of the research hypotheses

Hypothesis	Independent variable	Dependent variable	Correlation coefficient	Error bar	p-value	Test Results
Hypothesis 1	Communication	Customer satisfaction	0/96	0/05	0/000	H ₀ is rejected
Hypothesis 2	Cooperation	Customer satisfaction	0/86	0/05	0/000	H ₀ is rejected
Hypothesis 3	Commitment	Customer satisfaction	0/84	0/05	0/000	H ₀ is rejected
Hypothesis 4	Conformity	Customer satisfaction	0/94	0/05	0/000	H ₀ is rejected
Hypothesis 5	Dependence	Customer satisfaction	0/83	0/05	0/000	H ₀ is rejected
Hypothesis 6	Trust	Customer satisfaction	0/91	0/05	0/000	H ₀ is rejected

Statistical results showed that p-value of all hypotheses is smaller than 0.05. Therefore, all hypotheses in 0.05 error level are accepted. In other word, there is significant relationship between all dimensions of supply chain and customer satisfaction.

7- CONCLUSION

Analysis of data collected in this research showed that the evaluation of supplier relationship management impacts the customer satisfaction. The customer satisfaction increase when the supplier relationships increase. According to hypotheses, supplier relationships management is divided to 6 dimensions. All dimensions of supplier relations management including communication, cooperation, conformity, commitment, dependence, trust have direct relationship with customer satisfaction. Communication and dependence have the highest and lowest effect respectively, on customer satisfaction. This paper presented a literature review and evaluation of supply chain definitions, concepts and components to identified components that

improve competitiveness, product quality, services provided, increasing customer satisfaction, lower costs and subsequently, increase total profitability as a necessity in the field of economic activities. Analysis of data collected confirmed the research hypotheses. Results showed that there is significant relationship between supply chain dimensions (communication, cooperation, conformity, commitment, trust, dependence) and customer satisfaction. Supply chain management as the dependent and customer satisfaction as the independent variable was analyzed. The study was the correlation type and done by field method. Using customer satisfaction management system and Coordination with other parts of the supply chain is positive step in improving knowledge of customer requirements and achieving better performance. Based on the supply chain management approach, customer's requirements are provided by other parent suppliers, not by final product delivered to customer. To achieve the effective management of supply chain relationships, supplier and customers have to work together in a coordinated, integrated way and observing of partnership principles, communication, information and dialogue. They should have the same goals, and attract mutual trust each other. Also, customers should trust suppliers about the product quality and services.

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