**ASSESSMENT 2: SUSTAINABLE SUPPLY CHAIN MANAGEMENT**

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# **Introduction**

A superior choice to current attempts at worldwide supply chain coherence and collaboration is going to be successful through the implementation of performance measurement systems in the manufacturing process. However, it is necessary to have a comprehensive grasp of the present supply chain metrics and procedures for the purpose to employ acceptable supplying network performance methods. Supply chain measurement is essential to determine the changing economic situation in the market and the efficiency of a company's performance. The paper seeks to critically evaluate the role of supply chain performance measurement in the current marketplace. It also asserted to determine the significance of measurement methods and models in improving the quality of supply chain performance.

# **Discussion**

## **The Role and Application of supply chain performance measurement systems**

According to Kamble & Gunasekaran (2020), the primary components of performance evaluation are gathering and evaluating information in order to assess activities completed and outcomes realised following the measurement of performance. Additionally, there are numerous methods to measure the efficacy and productiveness of supply chain structures, in addition to measures of how effectively things are working, such as assessments of goods in relation to client specifications, and evaluations of the functioning and competency of supply-chain networks in general. Considering the company's progress is evaluated by employing timeliness, price, client approval, excellence, productivity, and usefulness.

Khan, Chaabane & Dweiri (2020), has stated that the three pillars for the client's happiness, effectiveness, and profitability are used to measure the distribution network. Price, dependability of the end-of-line shipment, and manufacturing standards are also considered to be the key supply chain performance metrics. Excellence, expenses, and duration metrics are used to gauge how well a business performs instead of other factors including adaptability, technological advances, efficacy, and efficiency. Although advertising outcomes have a stronger correlation with supply chain achievement, the economy has a beneficial effect on advertising effectiveness.

The duration, complete percentage, and timely delivery are the main focal areas for corporate supply chain performance measurement. These metrics are produced inside a business and do not consider the supply chain in its entirety. In the words of Gawankar, Gunasekaran & Kamble (2020), the internal supply chain performance measurement devices' primary responsibilities include monitoring enterprise procedure effectiveness, gauging the impact of organisations' goals and objectives, determining issues, assisting with taking decisions, encouraging enhancements, and facilitating discussion within the organisation

As per Sufiyan *et al.* (2019), private supply chain performance metrics play important functions in identifying issues, assisting in making choices, encouraging enhancements, and promoting interpersonal interaction within an organisation. They also evaluate the effectiveness of company operations, assess the impact of firm-planned actions, and determine the efficacy of corporate procedures. Additionally, conventional methods of achievement assessment have been criticised for being finance-focused, missing importance to strategy, having an intense internal orientation, minimising comprehensive enhancements, using unreliable measurements, and quantifying achievement in figures. When internal performance measurement is associated with personal operations.

As asserted by Frederico *et al*. (2019), performance assessment systems frequently emphasise narrow optimisation and shortage holistic perspective. They also frequently do not have coordinated methods to incorporate both financial and other information. They must evaluate precise procedures for sustaining tools and the framework for performance measurement tools may provide better determination to assist the firms with annual performance examination and constant enhancement in distribution platforms is crucial considering the elevating requirements of supply chain administration. It becomes elevated that there is a high demand for supply chain sustaining platforms for the distribution models in its entirety when such concerns are taken into consideration, together with the realisation that increasing numbers of businesses are realising the possibilities of managing their supply chain.

Lee *et al.* (2022) have asserted that performance measurement is the process of gathering information on how well activities are working achieving tactical objectives, client satisfaction, and operational efficiency. They also note that performance measurement highlights the requirement for growth in areas of operations, which are frequently identified as obstacles in performance measures. Effective supply chain activities require careful evaluation of performance. Solutions for measuring the distribution network must be able to gauge efficiency effectively. a number of the biggest challenges to effective supply chain management is the absence of proper performance assessment. By regulating organisational behaviours, creating appropriate decision-making approaches, and developing closed-loop oversight of the evaluation processes, supply chain performance measurement methods' significance is likely to be increased.

As per the findings of Banomyong Varadejsatitwong & Oloruntoba (219), methods for measuring supply chain performance are frequently insufficient since such measurement contexts are not proper for the utilisation of measurement, efficiently structures on expenditure as a significant notion, particularly creates certain hazardous situations with the firm's overall strategy and targets, and fail to take complexity into account. Since their emphasis on economic achievement metrics is the main accusation levelled against conventional performance metrics. Classical assessment models nonetheless operate thoroughly and offer functional procedures for sustaining their operations towards monetary outcomes and professional-level efficiency, failing to adequately account for a firm's future earnings. Moreover, corporations can determine precise frameworks for evaluating metrics procedures instead of conventional tools. Since the commercial period's standard supply chain performance measurement methods were effective.

## **Examine proper supply chain performance measurement models and methods**

In the words of Hanaysha & Alzoubi (2022), measurement is crucial because it has an immediate effect on the behaviour that influences the distribution system's efficiency. As a result, supply chain measurement gives a business the tools to determine whether its vendor network has been better or worse. There were proposed numerical and statistical performance metrics. Conventional measuring concepts for monitoring supply network performance are frequently alluded to as supply chain performance measurement techniques. They were frequently criticised for being insufficient because they primarily paid attention to economic data. There are many widely used supply chain measuring techniques and models.

According to Lima-Junior & Carpinetti (2019), a method for calculating a business's profit margin on the value of assets contributed is called economic value added. It was created to address the shortcomings of existing supply chain measurement techniques, which were primarily concerned with quick cash flow and offered not much information into a company's capacity to create a lasting benefit for the investors it serves. According to this method, the worth of a business increases for its owners once it generates profits that exceed the price of investment. The ***economic value-added measurement*** makes an effort to put a number on the worth of what a business creates by calculating it on revenue from operation over the investments made. Economic value-added measurements can help evaluate the impacts of senior executives and the value of shareholders but because they only take into account simple cash flows, they are unable to accurately portray functional supply chain measurement.

On the other hand, the ***Activity-Based Costing method*** was created in an effort to link monetary metrics to supply chain effectiveness. It entails segmenting assignments or pricing factors into separate duties whilst predicting the time and money that will be required for every assignment. subsequently, expenditures are distributed depending on these causes of expense as opposed to using conventional cost accounting strategies like distributing expenses similarly or depending on fewer significant expenses. The method was created in a method that makes it possible to more accurately measure the expenses and profitability of a supply chain system. Nonetheless, it was nevertheless severely constrained by its reliance solely on economic criteria.

As per Kamble *et al.* (2021), ***Non-fiscal supply chain measurement methods*** may be divided into various categories and organised in accordance with their measurement requirements. Only a handful of previous efforts have been attempted with an identical goal, but they had been smaller in magnitude, restricted to particular methodologies, and did not offer an unambiguous contrast that highlights the main distinctions among categories. Meanwhile, the ***Supply Chain Balanced Scorecard*** model was unveiled as a crucial accountability tool. Following this point, within the investigation and in business, it has been acknowledged as the best tool for measuring productivity. It allows administrators to quickly see an accurate picture of both functional and budgetary parameters.

As asserted by Gupta *et al.* (2021), the ***supply chain operations references model*** was developed to examine the supply chain in depth by establishing and categorising the procedures which compose the network, associating measurements with those procedures, and looking at similar comparisons. The structure of supply chain operations references model structure is the first multi-functional, comprehensive platform which connects requirements for applications, standards of practice, and achievement metrics to a thorough company procedure model. According to this approach, a supply chain is made up of a number of essential interconnected procedures: schedule, origin, create, offer, and refund. The vast majority of procedures evaluate their efficiency using angles, such as dependability, adaptability, mobility, expenses, and capital. Being a complete framework which encompasses the entire supply network from vendors to buyers while corresponding with the company's strategic plan, substance, employment, and data circulates, it necessitates an established facility entirely devoted to executive assets, and ongoing redesign of business procedures that complies with the company with standard procedures.

Moreover, another good example of an appropriate supply chain performance measurement model is the ***perspective-based measurement system***. As asserted by Biswas (2020), the perspective-based measurement technique examines the supply chain from every angle and offers metrics to gauge each one. The factors that affect measurement procedures include the system's motion examination into functional management, transportation, advertising, organisation, and strategies. The Distribution Scoreboard is a perspective-based measuring approach that exclusively recommends indicators of achievement that concentrate on supply chain operations. To assess the effectiveness of the supply chain, the Perspective-based measurement model offers a fresh perspective. Metrics from a single viewpoint can nevertheless be traded off with data from various viewpoints.

## **Determine the type of challenges and issues companies face while implementing supply chain operations performance measurement.**

According to Mokhtar *et al.* (2019), the measurement of supply chain performance is a crucial task for achieving operational objectives and enhancing offerings. The selection of standards for measurement for supply chain management is based on what is expected and wanted of all relevant parties, namely consumers, lawmakers, and governing bodies as well as transportation service providers. Supply chain assessment is particularly difficult in contexts that have elevated ownership, multiple participants, and significant ambiguity regarding causal interactions. To handle the measurement functions companies have to deal with a few hazardous situations in order to sustain appropriate supply chain operations.

In the words of Asamoah *et al.* (2021), due to the absence of standardisation, might result in a serious issue of discrepancy, which may cause misunderstanding and skewed judgement. In order to employ appropriate distribution chain metrics to gauge achievement, on an annual or price foundational issues, the sector requires more research and examination. However, distribution network companies ought to utilise just a single method of assessment because it is more closely tied to the particular trait of the corporation. One problem with supply chains is the limitation of focusing only on one part of the distribution network when evaluating effectiveness. Appreciation of the connection among organisational effectiveness measurements and as a result, supply chain management performance measures remains inadequate.

One of the major challenges that companies can face is uncertainty in supply chain management. This issue can delay the functions of supply chain performance measurement. In order to determine the lack of understanding in supply chain performance monitoring employing fuzzy logic operations, it is necessary to investigate the scope of further investigation to sustain company profitability. As per the findings of Lee *et al.* (2022), uncertainty and unpredictability may have an influence across all of the systems, not just at a single location in the supply chain. Management of the supply chain must address these problems as soon as possible to avoid complications, queues, obstacles, and other problems. Performance measurement is becoming more congested as a result of rising good measurement volumes and maintaining rising supply chain demand. This adds to the pressure that is already there when moving products and analysing and addressing the needs of suppliers and customers. These problems are made worse by the performance metric models and the operators responsible for maintaining the supply chain operations.

# **Conclusion**

From evaluating the volumes of this critical essay it was concluded that performance measurement is a crucial aspect of sustaining the supply chain operations of businesses. Companies need to use certain models such as balance scorecards, reference models, perspective-based measurement models, and so forth to assist the performance measurement practices in supply chain operations. The methods and tools also aid companies to deal with measuring challenges like ambiguity and uncertainty.

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