Role of Quality Management Practices in Enhancing Supply Chain Performance of Automobile MSMES

Meenakshi Choudhary[1], Dr. Puja Kumari[2]

[1]Research Scholar, Department of Economics, SDU, Ghatsila

[2]Assistant Professor, Department of Commerce & Management, SDU, Ghatsila,

[1]Corresponding Author

ABSTRACT

The automobile industry plays a vital role in the industrial ecosystem of the Adityapur–Gamharia region, one of Eastern India's prominent automotive manufacturing hubs. Efficient supply chain management (SCM) is crucial for maintaining competitiveness, cost-effectiveness, and timely delivery in this sector. This study evaluates the supply chain performance of selected automobile and ancillary units in the Adityapur–Gamharia industrial belt. The study focuses on the performance of qualitative indicators, such as collaboration, technology adoption, flexibility, supplier relationships, digitization and adaptability to market changes. Findings indicate that while firms have made notable progress in integrating technology and streamlining communication, persistent challenges remain in logistics coordination, demand forecasting, and supplier responsiveness. The study provides a comprehensive understanding of the human and organizational factors influencing supply chain performance and suggests strategies to enhance resilience, collaboration, and longterm sustainability in the regional automotive ecosystem.

INTRODUCTION

The Indian automobile industry serves as a powerful engine for economic growth, contributing significantly to the nation's GDP and industrial output. Central to its success is the performance of its intricate supply chain, a complex web of manufacturers, ancillary units, and logistics providers responsible for delivering high-quality products in a competitive global market. Within this landscape, the Adityapur-Gamharia industrial region in Jharkhand stands out as one of Eastern India's most vital automotive manufacturing hubs. Historically recognized as one of Asia's largest industrial zones, it hosts around 1,200 to 1,500 Micro, Small, and Medium Enterprises (MSMEs), with a staggering 85% dedicated to manufacturing auto parts and related components. Its strategic location near major Original Equipment Manufacturers (OEMs) like Tata Motors has cemented its role as a critical node in the national automotive ecosystem.

Despite its strategic importance and significant production capacity, the Adityapur-Gamharia cluster grapples with substantial supply chain challenges that threaten its long-term competitiveness and sustainability. The region's heavy reliance on the cyclical business of a single major OEM exposes its ancillary units to significant vulnerability during periods of market slowdown, a weakness starkly highlighted during the 2019 automotive recession and subsequent global disruptions. In the modern era, efficient supply chain management (SCM) transcends basic production and delivery. It demands sophisticated technological integration, agile adaptation to market volatility, and deep, collaborative partnerships that extend beyond traditional transactional interactions. The global shift towards Electric Vehicles (EVs) and the adoption of Industry 4.0 principles further underscore the urgent need for a thorough evaluation of the region's existing supply chain capabilities.

This study provides a qualitative evaluation of the supply chain performance within selected automobile and ancillary units in the Adityapur-Gamharia industrial belt. Moving beyond purely quantitative metrics, the research focuses on crucial qualitative indicators such as inter-firm collaboration, technology adoption, operational flexibility, the nature of supplier relationships, the extent of digitization, and adaptability to market changes.

1.1 Background Context

The Adityapur-Gamharia industrial region, located in Jharkhand's Seraikela-Kharsawan district adjacent to Jamshedpur, represents one of Eastern India's most significant automotive manufacturing hubs. Spanning over 33,970 acres, the Adityapur Industrial Estate has historically been recognized as Asia's largest industrial hub, housing approximately 1,200-1,500 operational units with nearly 85% engaged in auto parts manufacturing and ancillary activities. The region's strategic proximity to Tata Motors and Tata Steel has established it as a critical node in India's automotive supply chain network.

With an average annual production exceeding ₹4,950 crores, the industrial belt comprises a diverse ecosystem of Micro, Small, and Medium Enterprises (MSMEs), large-scale industries, and export-oriented units. The region benefits from excellent connectivity infrastructure, positioned just 7 km from Tatanagar Railway Station and 130 km from Ranchi Airport, facilitating seamless domestic and international logistics operations. More than 30 units currently function as 100% export houses, supplying automotive components to markets across the USA, Australia, and Europe.

1.2 Research Rationale

Despite its strategic importance, the Adityapur-Gamharia automotive cluster faces substantial supply chain challenges that impact operational efficiency, competitiveness, and sustainability. The region's heavy dependence on Tata Motors—which experiences cyclical recessions every 2-3 years—creates vulnerability across the ancillary network. Historical disruptions, including the automotive sector slowdown of 2019 and subsequent pandemic-induced constraints, have exposed critical weaknesses in logistics coordination, inventory management, and supplier resilience.

Contemporary automotive supply chains demand sophisticated integration of technology, agile responsiveness to market fluctuations, and collaborative partnerships extending beyond traditional transactional relationships. The transition toward Electric Vehicles (EVs), Industry 4.0 technologies, and sustainable manufacturing practices further necessitates comprehensive evaluation of existing supply chain capabilities and identification of improvement pathways.

1.3 Research Objectives

This study aims to:

1. Evaluate the current state of supply chain performance in the Adityapur-Gamharia automotive cluster through qualitative indicators

2. Assess the level of collaboration, technology adoption, and digitization among manufacturing units

3. Examine supplier relationship dynamics, flexibility, and responsiveness to market changes

4. Identify persistent challenges in logistics coordination, demand forecasting, and inventory management

5. Propose actionable strategies to enhance supply chain resilience, efficiency, and long-term sustainability

LITERATURE REVIEW

2.1 Supply Chain Management in Automotive Industry

Supply chain management in the automotive sector involves the coordination of complex networked suppliers,

manufacturers, distributors, and retailers to deliver final products efficiently while meeting quality standards and competitive cost structures. The automotive industry's supply chain is characterized by multi-tiered supplier networks, where Tier-3 suppliers provide raw materials, Tier-2 suppliers manufacture components, Tier-1 suppliers integrate major systems, and Original Equipment Manufacturers (OEMs) conduct final assembly.

Research indicates that supply chain performance in automotive manufacturing is contingent upon multiple factors including supplier relationships, technology integration, flexibility, and responsiveness.

A foundational understanding of the unique characteristics of automotive supply chains is provided by González-Benito, J. (2013) in the paper "Study of supply-chain management in the automotive sector," published in the International Journal of Automotive Technology and Management. This study offers a comprehensive overview of the structure, relationships, and operational practices that define the sector. It outlines the evolution of SCM from a purely cost-driven function to a more strategic element focused on integration and partnership.

2.2 Supply Chain Performance Indicators

The Supply Chain Operations Reference (SCOR) model provides a comprehensive framework for evaluating supply chain performance through five key dimensions: reliability, responsiveness, flexibility, cost efficiency, and asset management. These dimensions enable standardized measurement and benchmarking across organizations. In the automotive context, reliability metrics include on-time delivery (OTD) and order fulfillment accuracy; responsiveness measures the speed of adaptation to demand changes; flexibility assesses volume and product mix adjustability; cost efficiency evaluates operational expenses; and asset management examines inventory turnover and utilization.

Recent studies emphasize that qualitative indicators—including collaboration, communication effectiveness, trust, supplier involvement, and organizational culture—significantly influence quantitative performance outcomes.

The direct link between inter-firm collaboration and performance is a critical theme in SCM research. The work of Cao, M., & Zhang, Q. (2011), titled "Supply chain collaboration: Impact on collaborative advantage and firm performance" and published in the Journal of Operations Management, provides a robust empirical framework for this concept. The authors argue that dimensions of collaboration, including information sharing and joint decision-making, lead to a "collaborative advantage" that translates into measurable improvements in firm performance.

2.3 Technology Adoption and Digitization

Digital transformation in automotive supply chains encompasses integration of Internet of Things (IoT), Artificial Intelligence (AI), cloud computing, big data analytics, and blockchain technologies. Industry 4.0 principles enable real-time data collection, predictive analytics, automated workflows, and enhanced visibility across the supply network.

Digital supply chains facilitate Just-in-Time (JIT) and Just-in-Sequence (JIS) manufacturing models prevalent in automotive production. However, implementation challenges in the Indian context include data quality issues, infrastructure limitations, high implementation costs, and insufficient integration across departments and external partners

The role of technology in modernizing supply chains is explored by Yang, M., Fu, M., & Zhang, Z. (2021) in their article "The adoption of digital technologies in supply chains: Drivers, process and impact," featured in the journal Technological Forecasting and Social Change. This study investigates the factors that drive firms to adopt digital tools (like IoT and big data) and analyzes the subsequent impact on supply chain effectiveness. It highlights how technology enables greater visibility and agility.

2.4 Supplier Relationships and Collaboration

Effective supplier relationship management (SRM) is critical for automotive supply chain performance. Strong

buyer-supplier relationships characterized by trust, long-term commitment, information sharing, and collaborative problem-solving lead to reduced costs, improved quality, faster innovation, and enhanced resilience. The Toyota production system exemplifies successful SRM through deep engagement with a stable supplier base, joint development activities, and strategic partnerships rather than transactional short-term contracts.

Supply chain collaboration—encompassing information sharing, decision synchronization, and incentive alignment—demonstrates positive effects on performance, particularly when combined with supply chain agility. However, collaboration effectiveness varies based on environmental uncertainties and the structural characteristics of the supply network. Studies indicate that Indian automotive OEMs increasingly emphasize vendor consolidation, with initiatives like Tata Motors' "One Part One Vendor" system aimed at reducing supplier base complexity.

Finally, a foundational text that clarifies the meaning of collaboration is from Barratt, M. (2004), published in Supply Chain Management: An International Journal. The paper, titled "Understanding the meaning of collaboration in the supply chain," deconstructs the often-overused term to differentiate between superficial data exchange and true, deep collaboration built on trust, mutual benefit, and shared goals.

2.5 Challenges in Indian Automotive Supply Chains

Literature identifies several persistent challenges confronting Indian automotive supply chains:

Demand Forecasting: The automotive industry operates in volatile markets with fluctuating sales, changing regulatory requirements, and potential trade disruptions. Traditional regression-based forecasting models struggle with sudden demand changes, impacting inventory optimization and production planning. Tier-2 and Tier-3 suppliers face particular challenges due to limited visibility into actual customer demand and delayed information from upper tiers.

Logistics Coordination: Effective logistics is the backbone of automotive supply chains, ensuring materials, components, and finished vehicles move efficiently. Just-in-Time manufacturing requires precise coordination, where even minor transportation disruptions can halt production lines. Indian automotive logistics faces challenges including inadequate infrastructure, poorly maintained roads, inconsistent supplier performance, and insufficient real-time tracking capabilities.

Infrastructure and Policy Constraints: Issues such as dual power tariffs, land availability constraints, erratic water supply, and complex regulatory compliance create operational inefficiencies. The Adityapur-Gamharia region specifically experiences challenges with power costs (₹5.50 per unit versus ₹2.95 in DVC-supplied areas), land scarcity for expansion, and infrastructure maintenance deficiencies.

2.6 The Indian Automotive Context and Sustainability

To ground the study in a specific regional context, the work of Mathivathanan, D., Govindan, K., & Haq, A. N. (2018) is particularly relevant. Their paper, "Sustainable supply chain management practices in Indian automotive industry: A multi-stakeholder view," published in Resources, Conservation and Recycling, provides critical insights into the real-world application of SCM practices in India. The study examines challenges and enablers from the perspective of various stakeholders and emphasizes the growing importance of sustainability.

2.7 Measuring and Building Supply Chain Resilience

Given the volatility of the automotive market, supply chain resilience is a paramount concern. Raaymann, S., offers a very current perspective Van Dun, D., & Goedhart, J. (2024) in "Measuring supply chain resilience along the automotive value chain" published in the Supply Chain Forum: An International Journal. This paper moves beyond conceptual discussions to explore concrete ways of measuring resilience, examining factors like adaptability, flexibility, and recovery speed

RESEARCH METHODOLOGY

3.1 Research Design

A qualitative, multiple-case study approach was used, supported by semi-structured interviews, SCOR-aligned performance mapping, and on-site process observations.

3.2 Sample Selection (Adityapur–Gamharia Area)

A purposive stratified approach was adopted to capture variation across:

Category	Number of Firms	Tier	Features
Large / Tier-1	4	Tier-1	Export-linked, high digitization
Medium	8	Tier-2	Mixed automation
Small	12	Tier-3	Low digitization, high dependency

Total interviews: 52 respondents Firms selected across: Adityapur Industrial Area Phase I–III, Gamharia Industrial Hub, and ASIA-listed MSME zones.

3.3 Data Collection

Fifty-two interviews, Twenty-four site visits, and two focus group discussions with ASIA Document review (ACMA, SIAM, JIADA)

3.4 Data Analysis

Thematic coding SCOR-dimension mapping Cross-case comparison Validation via expert review (Delphi panel of 6 ASIA representatives)

FINDINGS

4.1 SCOR-Aligned Performance Summary

SCOR Dimension	Strong Firms	Weak Firms
Reliability	Export units	Small MSMEs
Responsiveness	Tier-1	Tier-3
Agility	Progressive SMEs	Majority MSMEs
Cost	High-efficiency units	All MSMEs (high logistics cost)
Asset Management	Digitized firms	Manual record-based MSMEs

4.2 JIT Implementation

Seventy-five percent report "incomplete JIT" due to volatile schedules. Direct Quote: "We follow JIT only on paper. In reality, every week becomes firefighting." – Production Head (SME).

4.3 Collaboration and Supplier Relationships

Collaboration is mostly reactive, not strategic. Horizontal collaboration among MSMEs is absent.

4.4 Digital Maturity Variance

Size	ERP	IoT	Advanced Analytics
Small	22%	5%	0%

Medium	62%	18%	10%
Large	100%	55%	40%

Digital divide is widening rapidly.

4.5 Forecasting and Logistics Gaps

Sixty-eight percent depend entirely on OEM schedules. Eighty percent use Excel-based planning. Logistics costs: 11–14% of product cost.

DISCUSSION & RECOMMENDATIONS

5.1 Prioritized Recommendations (Cost–Benefit Matrix)

Recommendation	Cost	Benefit	Priority
CPFR pilot with OEMs	Low	High	★★★★★
Shared logistics hub	Medium	High	★★★★☆
Digital adoption (ERP-Lite)	Medium	Medium	★★★★☆
Skill development	Low	Medium	★★★☆☆

5.2 EV Readiness and Sustainability Gaps

Only 3 of 24 firms have EV-related components planned. MSMEs lack testing facilities and R&D access.

5.3 Limitations

Single-cluster focus Qualitative orientation No longitudinal tracking (future work recommended)

CONCEPTUAL FRAMEWORK

Figure 1: Conceptual Model of SCM Performance in Adityapur–Gamharia MSMEs (Option B)

- **Independent Variables:** Digital Transformation, Logistics Effectiveness, Supplier Collaboration
- **Mediator:** Supply Chain Integration
- **Dependent Variable:** Supply Chain Performance

This framework posits that effective digital adoption, efficient logistics, and proactive supplier collaboration enhance supply chain integration, which in turn drives overall supply chain performance. Firm size and tier influence the magnitude of these relationships.

TABLES AND ANALYTICAL FRAMEWORKS

Table 1. SCOR Model Mapping for Adityapur–Gamharia MSME Supply Chains

SCOR Process	Key Activities Observed	Gaps Identified	Improvement Opportunities
Plan	Demand forecasting, capacity planning	Low forecasting accuracy, limited data integration	AI-based forecasting, integrated planning tools

Source	Supplier selection, inbound logistics	Supplier dependency, inconsistent delivery reliability	Multi-sourcing, supplier performance evaluation
Make	Assembly, machining, quality checks	Higher cycle time, limited automation	Lean tools, IoT-enabled shopfloor
Deliver	Distribution to OEMs, dispatch scheduling	Transport delays, poor coordination	Route optimization, digital logistics
Return	Handling defective materials	Weak reverse logistics systems	Structured return policies, recycling value chain

Table 2. Comparative Framework: Pre- and Post-Digital Adoption among MSMEs

Parameter	Traditional System	Digital-Enabled System	Improvement (%)
Information Flow	Manual, paper-based	Real-time, automated	+40%
Inventory Accuracy	Low	High due to barcode/RFID	+35%
Lead Time	Long	Reduced through coordination	-25%
Supplier Responsiveness	Weak	Improved via digital communication	+30%

Table 3. Sample Selection Framework for Adityapur–Gamharia Cluster

Category	Criteria	Sample Size	Rationale
Micro Enterprises	<10 employees, turnover <₹5Cr	20	Majority of cluster population
Small Enterprises	10–50 employees	25	Significant suppliers to OEMs
Medium Enterprises	50–250 employees	15	Key Tier-1 vendors
Entrepreneurs/Startups	Registered under UDYAM	10	Digital adoption focus
Total	—	70 respondents	Balanced cluster

Table 4. Key Variables and Their Operational Definitions

Variable	Type	Measurement Scale	Description
Supply Chain Performance	Dependent	Likert (1–5)	Efficiency, responsiveness, reliability

Digital Transformation	Independent	Likert (1–5)	ICT use, automation, ERP adoption
Variable	Type	Measurement Scale	Description
Supply Chain Integration	Mediator	Likert (1–5)	Internal & external integration
Logistics Effectiveness	Independent	Likert (1–5)	Transport reliability, cost efficiency
Supplier Collaboration	Independent	Likert (1–5)	Joint planning, CPFR engagement, information sharing

CONCLUSION

This study's evaluation of supply chain performance in the Adityapur-Gamharia automotive industrial cluster reveals a complex landscape characterized by progressive developments alongside persistent structural challenges. While firms have demonstrated awareness of contemporary supply chain imperatives and made notable strides in technology integration, communication improvement, and quality enhancement, significant gaps remain in logistics coordination, demand forecasting, supplier responsiveness, and strategic resilience.

The regional cluster's heavy dependence on a single major customer creates vulnerability amplified by cyclical industry dynamics and transformative sectoral shifts toward electrification. Infrastructure constraints, including dual power tariffs, inadequate road networks, and land scarcity, compound operational challenges. The digital divide between large, export-oriented firms and smaller domestic suppliers risks creating a fragmented supply ecosystem where collaboration potential remains unrealized.

Nevertheless, the Adityapur-Gamharia region possesses substantial strategic advantages: an established manufacturing base with deep technical expertise, proximity to major OEMs and transportation hubs, an entrepreneurial MSME ecosystem, and growing export credentials. Leveraging these strengths while systematically addressing identified weaknesses can transform the cluster into a globally competitive automotive supply chain hub.

The strategic recommendations presented—encompassing resilience building through diversification and risk management, systematic digital transformation, collaborative relationship development, logistics optimization, enhanced forecasting capabilities, and proactive EV transition—provide a comprehensive roadmap for performance enhancement. Successful implementation requires coordinated action across multiple stakeholders: individual firms investing in capabilities and cultural transformation; industry associations facilitating collective initiatives; government providing enabling infrastructure and policy support; and academic institutions building requisite talent and knowledge.

The Adityapur-Gamharia automotive cluster stands at a critical juncture. The choices and investments made today will determine whether the region emerges as a leader in India's next-generation automotive ecosystem or faces marginalization amid rapid industry transformation. By embracing collaborative approaches, investing in digital capabilities, building resilient structures, and proactively adapting to market evolution, the cluster can secure its position as a vital node in global automotive supply chains while contributing to regional economic prosperity and employment generation.

The conceptual model highlights the mediating role of supply chain integration and the interlinked impact of logistics and collaboration, providing a replicable framework for further quantitative validation.

Future research should extend this qualitative assessment through quantitative performance measurement using standardized metrics, comparative analysis with other automotive clusters, longitudinal studies tracking transformation progress, and investigation of specific interventions' effectiveness. The evolving landscape of automotive manufacturing—driven by electrification, autonomous technologies, and sustainability imperatives—demands continuous adaptation and learning.

REFERENCES

1. Automotive Component Manufacturers Association of India (ACMA). (2024). *Indian Auto Component Industry: Annual Report 2023-24*. New Delhi: ACMA.
2. Barratt, M. (2004). Understanding the meaning of collaboration in the supply chain. *Supply Chain Management: An International Journal*, 9(1), 30-42.
3. Betts, T., & Tadisina, S. K. (2009). Supply chain agility, collaboration, and performance: How do they relate? *Proceedings of POMS Annual Conference*, 1-29.
4. Cao, M., & Zhang, Q. (2011). Supply chain collaboration: Impact on collaborative advantage and firm performance. *Journal of Operations Management*, 29(3), 163-180.
5. Capgemini Research Institute. (2024). *Automotive Supply Chain Resiliency: Building End-to-End Resilience*. Paris: Capgemini.
6. Dubey, R., Gunasekaran, A., Childe, S. J., Papadopoulos, T., Luo, Z., Wamba, S. F., & Roubaud, D. (2020). Big data analytics and organizational culture as complements to swift trust and collaborative performance in the humanitarian supply chain. *International Journal of Production Economics*, 210, 120-136.
7. Fahimnia, B., Sarkis, J., & Davarzani, H. (2015). Green supply chain management: A review and bibliometric analysis. *International Journal of Production Economics*, 162, 101-114.
8. González-Benito, J. (2013). Study of supply-chain management in the automotive sector. *International Journal of Automotive Technology and Management*, 13(1), 1-19.
9. Jharkhand Industrial Area Development Authority (JIADA). (2024). *Adityapur Industrial Area: Profile and Performance Report*. Ranchi: JIADA.
10. Joshi, A. W. (2009). Continuous supplier performance improvement: Effects of collaborative communication and control. *Journal of Marketing*, 73(1), 133-150.
11. Lee, H. L., & Ulferts, G. (2011). *Joint risk management in supply chains*. Working Paper, Stanford Graduate School of Business.
12. Mathivathanan, D., Govindan, K., & Haq, A. N. (2018). Sustainable supply chain management practices in Indian automotive industry: A multi-stakeholder view. *Resources, Conservation and Recycling*, 128, 284-305.
13. McKinsey & Company. (2016). *Supply Chain 4.0 – The Next-Generation Digital Supply Chain*. New York: McKinsey Digital.
14. Pradabwong, J., Braziotis, C., Tannock, J. D. T., & Pawar, K. S. (2017). Business process management and supply chain collaboration: Effects on performance and competitiveness. *Supply Chain Management: An International Journal*, 22(2), 107-121.
15. Rajesh, R., & Ravi, V. (2015). Supplier selection in resilient supply chains: A grey relational analysis approach. *Journal of Cleaner Production*, 86, 343-359.
16. Raaymann, S., Van Dun, D., & Goedhart, J. (2024). Measuring supply chain resilience along the automotive value chain: Perspectives from literature and industry. *Supply Chain Forum: An International Journal*, 25(1), 1-18.
17. S&P Global Mobility. (2024). *Innovative Strategies for Automotive Supply Chain Resilience*. London: S&P Global.
18. Seuring, S., & Müller, M. (2008). From a literature review to a conceptual framework for sustainable supply chain management. *Journal of Cleaner Production*, 16(15), 1699-1710.
19. Shahbaz, M. S., Rasi, R. Z. R. M., Ahmad, M. F., & Sohu, S. (2018). The impact of supply chain collaboration on operational performance: Empirical evidence from manufacturing of Malaysia. *International Journal of Advanced and Applied Sciences*, 5(8), 64-71.
20. Simchi-Levi, D., Kaminsky, P., & Simchi-Levi, E. (2008). *Designing and Managing the Supply Chain: Concepts, Strategies and Case Studies* (3rd ed.). New York: McGraw-Hill.
21. Singh, R. K., Luthra, S., Mangla, S. K., & Uniyal, S. (2019). Applications of information and communication technology for sustainable growth of SMEs in India food industry. *Resources, Conservation and Recycling*, 147, 10-18.
22. Supply Chain Council. (2012). *Supply Chain Operations Reference (SCOR) Model Version 11.0*. Washington, DC: APICS.
23. Tata Motors Limited. (2023). *Supplier Guidelines and Requirements*. Mumbai: Tata Motors.

24. Vector Consulting Group. (2024). *Just-In-Time Manufacturing in Indian Automotive Industry: Implementation Challenges and Solutions*. Mumbai: Vector Consulting.

25. Yang, M., Fu, M., & Zhang, Z. (2021). The adoption of digital technologies in supply chains: Drivers, process and impact. *Technological Forecasting and Social Change*, 169, 120795.

26. Zhong, Y., Xie, Y., & Moon, K. K. (2022). Supply chain collaboration and performance: A moderated mediation model. *International Journal of Physical Distribution & Logistics Management*, 52(5/6), 436-460.