Factors Influencing Inventory Risk Perception of Automobile Spare Parts Providers in Sri Lanka

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Department of Transport and Logistics Management

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ABSTRACT

Universally, automotive industry has been accepted as a major driver of growth of a nation's economy and is a significant contribution to the global economy. With the emerging trends in the global supply chain concept, upstream supply chain flows such as production, raw materials, assembly parts need to be placed on time as to ensure the delivery of finished products to the market on time. When referring the incremental growth rates of vehicle production during past 20 years, automotive aftermarket is considered to be the secondary market of the automotive industry. But, when this comes to Sri Lanka, automobile spare parts inventory controlling has been faced with numerous challenges which are raised mainly due to the unpredictable nature of the business industry. Since demand for the automobile spare parts is a derived demand which arise mainly from the growth of the automobiles market; inventory management has to be done with an extra attention by analyzing the main driver for proper inventory controlling of the particular business sector. Hence, this research is focused on exploring the most critical parameters affecting to risk perception of inventory controlling of the automobile industry in Sri Lanka and is expected to identify the major factors and its sub causes for failures of not having an effective inventory controlling system at the companies in Sri Lanka. This study is carried out based on the questionnaire analysis and likert scale has been used to provide a quantitative rating for the questions. Based on the research findings which were derived by the Rotated Components matrix by running SPSS software; 06 main factors such as Market Analysis and Market Development, Human Resource management, Supply Chain Integration, Product portfolio Management, Inventory Management System, Management Involvement were identified and these factors are the main drivers for raising the issues in inventory management of spare parts industry which have to be closely address the companies to overcome issues. As per the question by question analysis, it is revealed that the existing inventory controlling procedures are not in a satisfactory level which has to be re-aligned their inventory controlling with the new drivers derived from the study. Hence, suitable recommendations are made for automobile spare parts companies to take corrective actions in the weaker areas and maintain an effective inventory levels at their companies beyond their customer's expectations.

KEY WORDS: Automobile market, Likert Scale Analysis, Market development, Supply Chain Integration, Inventory controlling.

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