

**USE OF INFORMATION TECHNOLOGY IN
SUPPLY CHAIN MANAGEMENT IN CERAMIC
TILE INDUSTRY IN SRI LANKA: A STUDY OF
TWO MAJOR PLAYERS**

MASTER OF BUSINESS ADMINISTRATION



IN
University of Moratuwa, Sri Lanka.
INFORMATION TECHNOLOGY
www.lib.mrt.ac.lk

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December, 2009

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By

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This Dissertation was submitted to the Department of Computer Science & Engineering of the University of Moratuwa in partial fulfillment of the requirement for the Degree of Master of Business Administration.

Department of Computer Science and Engineering

University of Moratuwa

December, 2009

Declaration

“I certify that this dissertation does not incorporate any material previously submitted for a degree or diploma in any university to the best of my knowledge and believe it does not contain any material previously published, written or orally communicated by another person or myself except where due reference is made in the text.”

Signature of the Candidate

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To the best of my knowledge, the above particulars are correct.

Supervisor

Dr. Chandana Perera

Date

Abstract

Currently, most of the companies attempt to find the ways to improve their flexibility, responsiveness and turn competitiveness by changing their operations strategy, method and technology which includes Information Technology (IT) in Supply Chain Management (SCM). Literature reveals that many organizations have managed to improve efficiency, responsiveness and reduce inventory level, overall cost by using IT in SCM. However, the level of IT usage for SCM in ceramic tiles industry is not known. Therefore, the research objectives were to identify the level of IT usage to facilitate SCM process and the potential barriers that affects the IT implementation and adoption for SCM in ceramic tile industry in Sri Lanka.

Based on the user views and literature, a conceptual model was developed in order to meet research objectives. The qualitative and quantitative data collected from sixty three executives/managers in two major tile manufacturing companies, top thirty suppliers and thirty two dealers/distributors in tile industry through multiple questionnaires and direct interviews.

The results of the exploratory interviews and the survey highlighted that both companies indicate super performance in terms of several best practices in SCM. However, both companies demonstrated weakness in several areas. The majority of the weaknesses have arisen out of information related cause. Furthermore, it was identified that the level of overall IT adoption in both companies are not satisfactory level. These results lead to investigate the barriers that affect slow down IT adoption for SCM in ceramic tile industry in Sri Lanka. The finding reveal that technological barriers, organizational barriers and external barriers have been contributed towards the slow down IT implementation and IT adoption in SCM in ceramic tile industry in Sri Lanka.

Acknowledgement

This dissertation is an outcome of effort to complete a successful research during the second year of MBA in IT course. Many people helped me in various ways to make this venture a success during this time period.

First of all, my gratitude should go to my supervisor, Dr. Chandana Perera who helped me with his valuable advices and guided me through the right path.

My gratitude is extended to Mrs. Visaka Nanayakkara, head of department and the staff of the CSE Department of University of Moratuwa for their devotion and commitment towards the MBA program. I also wish to convey my heartfelt thanks to all lecturers who guided me during the entire course for nearly two years.

I am pleased to mention the executives/managers of Lanka Tiles PLC, Lanka Walltile PLC and my colleagues who participated and contributed their views and responses by spending time for interviews, filling questionnaires, which lead to comprehend my research results. I specially thank to Mr. Mahendra Jayasekera for encouraging me and also allowing me to access information in both companies.

Finally I would like to thank to my parents, children and my wife Nilmini, for bearing up with me and constantly encouraging me during two years period of time.

B A P Keerthiratne

MBA/IT 08/9066

Table of Contents

Chapter 1: Introduction	1
1.1 Background of Tile Industry	1
1.1.1 Sri Lankan Context	1
1.1.2 Players in the Market	2
1.1.3 Behavior and Attributes of Ceramic Tile Industry in Sri Lanka.....	3
1.1.3.1 Purchasing and Inventory Management.....	5
1.1.3.2 Selling and Distribution.....	6
1.1.3.3 Tiles Manufacturing	7
1.2 Motivation.....	8
1.3 Problem Statement	9
1.4 Problem Justification	10
1.5 Research Objectives.....	11
1.6 Significance of the Study	11
1.7 Research Limitations/implications.....	12
1.8 Data Collection & Analysis	12
1.9 Overview of the Dissertation	12
Chapter 2: Literature Review	13
2.1 Introduction.....	13
2.2 What is SCM?	13
2.3 Objectives of IT in SCM.....	16
2.4 Practical Benefits of IT in SCM.....	17
2.5 The Factors Affecting to IT adoption for SCM	21
2.6 SCM in Sri Lankan Context.....	27
2.7 How Significant is IT in SCM for Ceramic Tiles Industry?.....	27
2.8 Summary	31

Chapter 3: Research Design 32

3.1	Introduction.....	32
3.2	Research Questions.....	32
3.3	Conceptual Framework.....	33
3.3.1	Defining the Variables.....	34
3.3.1.1	<i>Independent Variables</i>	34
3.3.1.2	<i>Dependent Variable</i>	37
3.4	Interview Design.....	38
3.5	Development of Questionnaires.....	39
3.5.1	Questionnaire for Employees in Tile Manufacturing Companies.....	39
3.5.2	Questionnaire for Suppliers in Tile Industry.....	40
3.5.3	Questionnaire for Dealers/Distributors in Tile Industry.....	40
3.6	Chapter Summary.....	40

Chapter 4: Research Methodology 41

4.1	Introduction.....	41
4.2	Methodology.....	41
4.3	Research Approach.....	42
4.4	Population and Sample Selection.....	43
4.4.1	Population.....	43
4.4.2	Sample Selection.....	43
4.4.3	Sample.....	44
4.5	Research Instruments and Data Collection Method.....	44
4.6	Measurement of Key Variables.....	45
4.7	Chapter Summary.....	47

Chapter 5: Data Analysis and Presentation..... 48

5.1	Introduction.....	48
5.2	Results of Responses.....	48

5.3	Reliability of Survey Items	49
5.4	Demographic Information.....	51
5.4.1	Age Distribution of the Sample in Case Study Companies	51
5.4.2	Highest Educational Qualification Distribution of the Sample	51
5.4.3	Experience Distribution of the Sample	52
5.4.4	Job Designations of the Sample.....	53
5.4.5	Field of Work Distribution of the Sample	53
5.4.6	Distribution of Main Business of the Dealer/Distributor Sample.....	54
5.4.7	Distribution of Business Experience of the Dealer/Distributor	55
5.4.8	Distribution of Suppliers Based on Product Category the Sample	55
5.5	Frequency Analysis of Independent Variables	56
5.6	Data Analysis for Identification of Barriers.....	57
5.6.1	Technological Barriers.....	57
5.6.2	Organizational Barriers.....	59
5.6.3	External Barriers	63
5.6.3.1	<i>Supplier Readiness</i>	63
5.6.3.2	<i>Dealer/Distributor Readiness</i>	65
5.7	Qualitative Analysis.....	69
5.7.1	The Current SC Practices in Ceramic Tile Industry in Sri Lanka.....	69
5.7.2	The Current Issues in Ceramic Tile Industry in Sri Lanka	71
5.7.2.1	<i>Purchasing and Inventory Management Practices and Issues</i>	71
5.7.2.2	<i>Selling and Distribution Practices and Issues</i>	73
5.7.2.3	<i>Tiles Manufacturing Practices & Issues</i>	75
5.7.3	The Level of IT adoption in SCM in Ceramic Tile Industry	75
5.7.4	How Important is IT in SCM in Ceramic Tiles Industry?	81
5.7.5	How Best the Issues Could be Overcome?	85

Chapter 6: Conclusions and Recommendations.. 88

6.1	Conclusions.....	88
6.1.1	SC Practices and Issues.....	88
6.1.2	Level of IT Implementation and Adoption	88
6.1.3	Barriers of IT Adoption	89

6.2 Recommendations.....	90
References	93
Bibliography.....	96
Appendix	97
Appendix A: Questionnaire for Interviews.....	97
Appendix B: Questionnaire for Employees	102
Appendix C: Questionnaire for Suppliers.....	107
Appendix D: Questionnaire for Dealers/Distributors	109
Appendix E: Frequency Distribution Analysis.....	111



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List of Tables

Table 2-1:	A summary of factors affecting IT adoption derived from literature	22
Table 4-1:	Survey sample size.....	44
Table 4-2:	Methodology of data collection	45
Table 4-3:	Measurement of technological barriers.....	46
Table 4-4:	Measurement of organizational barriers	46
Table 4-5:	Measurement of external barriers	46
Table 4-6:	Measurement of level of IT adoption.....	47
Table 5-1:	Statistics of the questionnaire distribution and responses received.....	48
Table 5-2:	Reliability statistics of data for variable ‘Incompatibility’	49
Table 5-3:	Reliability statistics of data for variable ‘Incapability’	49
Table 5-4:	Reliability statistics of data for variable ‘IT competency’	49
Table 5-5:	Reliability statistics of data for variable ‘Awareness’	49
Table 5-6:	Reliability statistics of data for variable ‘Resources’	50
Table 5-7:	Reliability statistics of data for ‘Industry Specific Characteristics’	50
Table 5-8:	Reliability statistics of data for variable ‘Organizational Structure’	50
Table 5-9:	Reliability statistics of data for variable ‘Organizational Culture’	50
Table 5-10:	Reliability statistics of data from dealer/distributors	50
Table 5-11:	Reliability statistics of data from suppliers	50
Table 5-12:	One-Sample statistics for technological barriers in Company-A.....	57
Table 5-13:	T-Test results of technological barriers in Company-A.....	58
Table 5-14:	One-sample statistics for technological barriers in Company-B.....	58
Table 5-15:	T-Test results of technological barriers in Company-B	59
Table 5-16:	One-sample statistics for organizational barriers in Company-A	60
Table 5-17:	T-Test results for organizational barriers in Company-A	61
Table 5-18:	One-sample statistics for organizational barriers in Company-B	61
Table 5-19:	T-Test results for organizational barriers in Company-B	62
Table 5-20:	One-sample statistics for level of supplier readiness	63
Table 5-21:	T-Test results for level of supplier readiness	64
Table 5-22:	Use of computers in supplier’s business	64
Table 5-23:	Use of e-mails in supplier’s business	64
Table 5-24:	Use of Internet in supplier’s business	65

Table 5-25:	Ability of receiving XML orders	65
Table 5-26:	Ability of receiving orders in EDI.....	65
Table 5-27:	One-sample statistics for level of readiness of dealers/distributors ...	66
Table 5-28:	T-Test results for level of readiness of dealers/distributors	66
Table 5-29:	Use of computers in dealer/distributor's business.....	67
Table 5-30:	Use of e-mails in dealer/distributor's business	67
Table 5-31:	Dealer/distributor who has website	67
Table 5-32:	Preferred method of placing orders	67
Table 5-33:	Preference for use of English	68
Table 5-34:	Willingness to invest on IT	68
Table 5-35:	Summary of the comparison of SC practices and level of usage	69
Table 5-36:	Comparison of basic technology tools and level of adoption	78
Table 5-37:	Comparison of intermediate technology tools and level of adoption.	79
Table 5-38:	Comparison of advanced technology tools and level of adoption	80
Table 5-39:	The summary of comparison of level of IT adoption.....	80
Table 5-40:	One sample statics for important IT systems for Company-A.....	81
Table 5-41:	T-Test for important IT systems for Company-A	82
Table 5-42:	One sample statics for important IT systems for Company-B	82
Table 5-43:	T-Test for important IT systems for Company-B	83
Table 5-44:	Summary of potential benefits that expect from IT systems.....	84
Table 5-45:	Suggestion to overcome barriers in Company-A	86
Table 5-46:	Suggestion to overcome barriers in Company-B	87

List of Figures

Figure 1-1: Supplier chain partnerships in the ceramic tiles industry in Sri Lanka....	4
Figure 1-2: Local purchases and import ratio.....	6
Figure 2-1: SCM integration and managing business process across SC.....	14
Figure 2-2: Cost breakdown of manufacturing floor tile.....	28
Figure 2-3: Trend of increases in inventory level.....	30
Figure 3-1: Conceptual framework.....	33
Figure 4-1: Overview of research approach	42
Figure 5-1: Age distribution of the sample.....	51
Figure 5-2: Educational level distribution of the sample.....	52
Figure 5-3: Experience distribution of the sample.....	52
Figure 5-4: Position of designation distribution of the sample.....	53
Figure 5-5: Field of work distribution of the sample.....	54
Figure 5-6: Distribution of main business of the dealer/distributor sample	54
Figure 5-7: Distribution of business experience of the dealer/distributor sample....	55
Figure 5-8: Distribution of suppliers based on product category of the sample.....	56



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List of Abbreviation

3PL	:	Third Party Logistics
APS	:	Advanced Planning System
CRM	:	Customer Relationships Management
EAS	:	Electronic Approval System
EDI	:	Electronic Data Interchange
ERP	:	Enterprise Resource Planning
ES	:	Enterprise System
IT	:	Information Technology
JIT	:	Just in Time
LTPLC	:	Lanka Tiles PLC
LWPLC	:	Lanka Walltile PLC
MRP	:	Material Requirements Planning
MRPII	:	Manufacturing Resources Planning
RCLPLC	:	Royal Ceramic Lanka PLC
SC	:	Supply Chain
SCM	:	Supply Chain Management
SRM	:	Supplier Relationships Management
WIP	:	Work-in-Progress
WMS	:	Warehouse Management System
XML	:	Extensible Markup Language