

Value Chain Analysis in Context of Food and Beverage Companies in Gujarat State: From Demographic Variable Perspective

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ARTICLE DETAILS

Article History

Published Online: 16 Jan 2020

Keywords

Demographics, Factors Affecting Value Chain, Food and Beverage Industry, Gujarat State.

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ABSTRACT

Value chain analysis is the process of looking at the activities that go into changing the inputs for a product or service into an output that is valued by the customer. Companies conduct value-chain analysis by looking at every production step required to create a product and identifying ways to increase the efficiency of the chain. The factors that affect the value chain are timely delivery, waste reduction, well managed procurement costs, use of modern technology, effective human resource management, efficient firm infrastructure, etc. The researcher in this research effort tries to assess the impact of demographics of the managers surveyed for knowing the Factors Affecting Value Chain Analysis in context of Food and Beverage Industry in Gujarat State. The one way Anova technique is used by the researcher to know that whether there is significant difference in the perceptions of the Managers with respect to Factors Affecting Value Chain Analysis in F&B Companies in Gujarat State relative to their demographic factor or not and hypothesis so framed are tested accordingly. If the significance value is less than P value (0.05), then the null hypothesis will be rejected and it can be concluded that there is significant difference in the perceptions relative to the demographic factor considered by the researcher under study.

1. Introduction

The value chain is a representation of the firm as a series of discrete value creating activities. The value chain has four organizing dimensions: Primary activities—those that are involved in the physical movement of raw materials and finished products, the production of goods and services, marketing and subsequent services of the outputs of the business. Support activities—include procurement, technology and system development, human resource management, and firm infrastructure. Profit margin—represents the ultimate purpose of the value chain which is to result in more revenue generated by sales than the costs of the activities that led to those sales. Upstream and downstream—upstream refers to those activities which gather and process the inputs that the company uses to make a product while downstream refers to those activities that deal more directly with the end customer. The factors that affect the value chain are timely delivery, waste reduction, well managed procurement costs, use of modern technology, effective human resource management, efficient firm infrastructure, etc. The researcher in this research effort tries to assess the impact of demographics of the managers surveyed for knowing the Factors Affecting Value Chain Analysis in in context of Food and Beverage Industry in Gujarat State. The assessment is made as to which demographic factor such as gender, age group, education, income or experience level of the managers is important that may influence their perceptions with respect to Factors Affecting Value Chain Analysis in F&B Companies in Gujarat State

2. Literature Review

Bourlakis, M., Maglaras, G. and Fotopoulos, C. (2012) in the paper titled Creating a Best value supply chain-Empirical

evidence from the Greek food chain conducted research with a sample of 1121 respondents. The purpose of this research was to investigate the differences in value outcomes within the Greek food chain by examining its key members and to illustrate which members are contributing, excelling and underperforming towards value creation. The primary producers were found to have the worst value outcomes, whilst the best outcomes were noted for catering firms.

Doherty, B. and Huybrechts, B. (2013) in the paper titled Connecting producers and consumers through fair and sustainable value chains. This paper seeks to pinpoint the role played by social enterprises in the growth and mainstreaming of fair trade. A crucial role is played by social enterprises in establishing fair trade in the mainstream.

Acharya Rohit (2014) in the paper titled An AHP Model Approach to Supply Chain Flexibility: A Case Study of Indian FMCG Firm, explained about Supply chain flexibility, the ability of any organization to respond to the changes that occurs frequently in the surrounding environment. The Dimensions of Supply Chain Flexibility is Product Flexibility, Volume flexibility, Transshipment Flexibility, New Product Development /Launch Flexibility etc.

Manning, L. (2015) in the paper titled Determining value in the food supply chain explains that Stakeholder theory considers the primary role of organizations in terms of being profit focused or value focused. When considering the perception of value it is important to consider leader pricing. Leader pricing is a pricing strategy in which retailers set very low prices, sometimes below cost, for some products to lure

customers into stores in the hope that they will also purchase high profit impulse goods.

Ira Jraisat (2016) in the paper titled A network perspective and value added tasks: the case of Agri-food value chain conducted the Structural Equation Modeling (SEM) on the survey results derived by 200 respondents, explained about Network perspective in the value chain of agro-food products and described about value added tasks for the performance of value chain in the company.

Devaux Andre (2017) in the paper titled Agricultural innovation and inclusive value-chain development: a review, explained about agriculture innovations, food safety, agriculture research and the value chain development to process the functioning of the Agri-business.

J Connell, R Agarwal, S Dhir (2018) in the paper titled Global Value Chains Flexibility and Sustainability explains that Global economies are increasingly being structured through global value chains (GVCs) which account for increased international trade, global GDP, and employment. Value chains comprise of value-adding activities which may contribute to the customer value both directly and indirectly. It identifies various types of flexibilities along the value chain, such as, inbound logistics flexibility, operations flexibility, outbound logistics flexibility, marketing and sales flexibility, after sales service flexibility, procurement flexibility, human resource flexibility, and technology flexibility.

3. Research Objective

The present study aims at examining whether there is significant difference in the Perceptions of the Managers with respect to Factors Affecting Value Chain Analysis in F&B

6. Sample Characteristics

Companies in Gujarat State relative to the demographic factors.

4. Research Methodology

The respondents are the managers who are employed in food and beverage companies across Gujarat State. The survey of 200 managers was carried out by the researcher on the basis of convenience sampling method. A self-administered questionnaire was devised whereby the questionnaire was subdivided into two categories'. The target questions focus on the dependent variables such as perceptions of the Managers with respect to Factors Affecting Value Chain Analysis in F&B Companies in Gujarat State and independent variables such as age, education, income, and experience of the customers. The scaling used in this research is the 5-point Likert scale of 1-strongly disagree, 2-disagree, 3-slightly disagree, 4-agree, 5-strongly agree. The questions contained in the questionnaire were close ended questions.

5. Research Analysis

It includes the sample characteristics analyzed in the context of the demographic aspects, and the responses of the managers of food and beverage companies measured on the Likert Scale (1-strongly disagree, 2-disagree, 3-slightly disagree, 4-agree, 5-strongly agree). The tabulations are used to describe the details about the perceptions of the respondents. The hypothesis are framed and tested through tabulations and One Way Anova test is conducted so as to find out whether there is significant difference in the perceptions of the Managers with respect to Factors Affecting Value Chain Analysis in F&B Companies in Gujarat State and their gender/ age group /education / income and experience level in the organization.

Table 1

Sr. No.	Demographic Parameter	Category	No. of Managers	% of Managers
1	Gender	Male	180	90
		Female	20	10
Total			200	100
2	Age Group (years)	21-30	18	09
		31-40	114	57
		41-50	64	32
		51-60	04	02
			200	100
Total				
3	Education	Graduate	52	26
		Post Graduate	74	37
		Professional	44	22
		Others	30	15
Total			200	100
4	Income	Below Rs. 250000	24	12
		Rs. 250000-500000	90	45

		Rs. 500001 -1000000	78	39
		More than Rs. 1000000	08	04
Total			200	100
5	Experience	1-4 years	30	15
		5-9 years	116	58
		10-14 years	34	17
		15-20 years	20	10
Total			200	100

Source: Survey

One way Anova results with respect to perceptions of managers with respect to factors affecting value chain analysis in f&b companies in Gujarat state relative to the demographic factors

Table 2

Sr. No.	Variable / Perception	Factor	Significance value	P value	Inference
1	Perceptions of the Managers with respect to Factors Affecting Value Chain Analysis in F&B Companies in Gujarat State	Gender	0.106	0.05	No Significant difference in Perceptions relative to gender
2	Perceptions of the Managers with respect to Factors Affecting Value Chain Analysis in F&B Companies in Gujarat State	Age	.989	0.05	No Significant difference in Perceptions relative to age group
3	Perceptions of the Managers with respect to Factors Affecting Value Chain Analysis in F&B Companies in Gujarat State	Education	.001	0.05	Significant difference in Perceptions relative to Education
4	Perceptions of the Managers with respect to Factors Affecting Value Chain Analysis in F&B Companies in Gujarat State	Income	.000	0.05	Significant difference in Perceptions relative to Income
5	Perceptions of the Managers with respect to Factors Affecting Value Chain Analysis in F&B Companies in Gujarat State	Experience	0.003	0.05	Significant difference in Perceptions relative to Experience

Source: Spss Output

7. Findings

1. The majority of the managers surveyed were male.
2. The highest number of the managers surveyed were in the age group of 31-40 years.
3. Majority of the managers surveyed were post graduates.
4. The income level of the managers was dominated by the bracketing of Rs. 250000 – Rs. 500000
5. Among the managers surveyed, the most of the managers had already worked in the food and beverages company in major cities of Gujarat State for period of 5-9 years.
6. There is no significant difference in the perceptions of the managers with respect to Factors Affecting Value Chain Analysis in F&B Companies in Gujarat State relative to gender and age group.
7. There is significant difference in the perceptions of the managers with respect to Factors Affecting Value

Chain Analysis in F&B Companies in Gujarat State relative to education, income and experience.

8. Conclusion

A company's competitiveness is determined by how effectively it manages its value chain. Value chain analysis serves to guide managers' efforts to build expertise in those value activities that are critical to reducing costs or improving differentiation. Configuration of the value chain refers to the process of dispersing value chain activities to those locations around the globe where perceived value is maximized or where the costs of value creation are minimized. Coordination of the value chain describes the process of integrating dispersed activities into a cohesive, coherent whole. The perceptions of the managers with respect to value chain is dominated by their demographics viz education, income and experience.

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