

## Chapter 7

# Efficacy of Supply Chain Collaboration on Resilience in the Fast-Moving Consumer Goods Retail Industry

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### **ABSTRACT**

*Fast-moving consumer goods (FMCG) are driven by threats and nascent challenges that range from logistical issues to disruptions in the environment. The chapter aimed to determine the efficacy of supply chain collaboration on resilience in the industry. Scholars have constantly highlighted the need for supply chain collaboration by building supply chain resilience, necessitated against sporadic, disruptive, and unforeseen events in the business environment. The argument for businesses to desist from working in silos within their supply chain provokes this study. There seems to be a mismatch between the supply chain members in terms of integrating or collaborating efforts and their capabilities to be resilient when faced with disruptions. Organisations need to identify the variables that exist inside and outside of their environment to ensure alignment, collaboration, and integration. Centralisation of stocks, foreign exchange fluctuation, joint business plans, and longstanding collaboration with vendors could help promote supply chain resilience.*

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## **INTRODUCTION**

Retailing provides most essentials and daily necessities of life, such as groceries and stable food products. However, the retail industry has faced tough economic times stimulated by unprecedented and environmental issues. These issues may arise from natural disasters to consumer reduction on purchasing of products due to a rise in inflation. Furthermore, these challenges are further compounded by labour unrest, insufficient service delivery provision for the communities, corruption with the high unemployment rate, and currently, the pandemic (Covid-19) that is raging havoc in the world today. The emerging pandemic has shown structural problems that existed in global supply chains (Lakovou & White 2020), hence a reset in the retail supply chain design to improve resilience is needed. These challenges are associated with a rate of increase in crimes and as well, expose the modern supply chain fragility. These setbacks affect the entire network of retail supply chain members. These disruptions are changing industries and impeding the survival ability of businesses. Despite all these, customers still demand better product pricing and positive service offerings from retailers. Hence, maximising profits through creating and delivering value for customers through quality product availability is the objective of retailers at every point. But the flow of goods into retail stores is comparatively distorted, as these supply chain issues persist, hence disrupting defined set performance objectives and strategies and sending the business on a downward trajectory. The retail supply chain is characterised by the constant influx of goods across the supply chain and the short shelf life of the products. The extension of this industry goes beyond the borders of a country, when trying to find a cheap source of supply, a strategic distribution centre, and a high volume of the consumer market hence exposing it to many supply chain interruptions. These challenges are mostly noticed at the downstream side of the supply chain, as it is difficult to be resilient in those precarious times when disruption strikes. Moreover, a global call has been made for businesses to build resilience as a strategy to mitigate shocks in their business environment through supply chain collaboration. Resilience aims at restoring a distorted activity to normal or to a better position after being affected by a negative occurrence (Neboh, Mbhele, & Phiri 2019). In other words, the focus of resilience is to bounce back or conserve its stance from disruptions that may arise from external turbulences. Hence, organisations or businesses aimed at achieving supply chain resilience must be able to collaborate with supply chain partners to mitigate risk. This chapter aimed to determine the value of supply chain collaboration on supply chain resilience in the fast-moving consumer goods industry (FMCGs). At a macro level, this paper aims to understand the usefulness of retail supply chain collaboration on supply chain resilience.

## **BACKGROUND**

The retail industry in many African Countries operates in a complex, ever-changing, and challenging business environment. For instance, notwithstanding its flamboyant dispositions and maturity, the South African fast-moving consumer goods (FMCG) industry is confronted with dire business threats (Stoltz 2018) such as the increase in the theft of goods delivery trucks, especially en route to destinations of demand across South Africa (SA). Even the recent mayhem of looting of shops and arson coupled with the cyberattack on their infrastructure. have negatively influenced and disrupted the supply chain operations system of the retail industry (Writer 2021). These concerns increase as the bottom line of the entire retail industry is directly affected by the losses incurred from such incidences, and ultimately impacts

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