

Optimizing Decision-Making Process In Supply Chain Management Through Intelligent Systems

¹MAHESH KUMAR MISHRA, ²Dr. A.MUTHULAKSHMI, ³Dr. BISWO RANJAN MISHRA, ⁴Dr.J.E MERLIN SASIKALA

Abstract:

AI is revolutionizing supply chain management by processing vast data, extracting valuable insights, and making intelligent decisions. It optimizes operations, enhances efficiency, and responds quickly to market dynamics. This research analyzes the impact of artificial intelligence (AI) techniques on supply chain network design. It provides insights into their application, performance, and implications. The study uses machine learning, optimization, and expert systems to evaluate their performance. The use of artificial intelligence (AI) is transforming societies by altering attitudes towards money, value judgements, and business ramifications. While artificial intelligence can address global issues such as the environment, food safety, and health care, it also poses significant risks and ethical dilemmas. AI can streamline manufacturing processes, reduce risks, mistakes, and waste by automating processes, optimizing output, and aiding in predictive maintenance, reducing replacement costs and availability. However, successful AI use necessitates precise forecasting and understanding of its repercussions. The purpose of this thesis is offering insights into how AI might improve SCM operations through the use of qualitative and grounded theory. Real-world case studies demonstrate their practical implementation. The findings guide decision-makers in selecting appropriate AI techniques, enhancing operational efficiency and customer satisfaction. Future research directions include hybrid approaches and big data integration.

Keywords: Intelligent Decisions, Artificial Intelligence, Supply Chain Management, Manufacturing Industry

Introduction

AI is significantly influencing society, altering the socio-materiality of money, value judgments, and the business implications of these developments. This shift in beliefs is referred to as "Dataism," a phenomenon where technology replaces Outdated religions, values, and worldviews. AI can help address urgent concerns including the environment, food safety, and healthcare. However, the development of AI has significant hazards and ethical concerns, including prejudices, confidentiality, and responsibility.

Significant investments in artificial intelligence and process automation have been made in the manufacturing business, providing a chance to boost productivity. AI, when combined with machine learning, allows programs to develop purposefully, intelligently, and adaptively, analyzing data to find patterns and make wise judgments.

¹Sr SAP Consultant, Delta System and Software Inc., 2320 Grover Cleveland Dr McKinney Texas 75070,

²Assistant Professor, Department of Commerce (PA), Rajapalayam Rajus' College, India.

Orcid id: 0009-0007-8442-6971

³Assistant Professor, Department of Commerce, College Utkal University (CDOE),

Orcid Id - 0009-0006-5394-9609

⁴Associate Professor, Alagappa University College of Education, Alagappa University, Karaikudi, India

However, widespread AI adoption raises concerns about job displacement, especially within the production industry. To analyze and reduce potential repercussions, AI must be approached with caution and thinking. The manufacturing business confronts hurdles in boosting effectiveness partly because of its complexity, which involves variations and interactions with system members. The industry is rapidly changing due to the emergence of new technologies such as AI, which can boost efficiency by lowering operational costs, boosting manufacturing speed, improving the quality of products, and upgrading decision-making processes. Performance in the manufacturing business has a direct impact on profitability as well as productivity, but it is difficult to improve due to the complexity of the operations. The intricate network of suppliers and distributors contributes to ineffective supply chain management (SCM), which is crucial for enhancing a business's global market position. SCM prioritizes overall enhancement of procedures over local optimization of particular departments in the company. Reducing complexity can assist integrate manufacturing processes, reduce errors, and result in cheaper costs and more efficiency. SCM can reduce risk in five different domains: manufacturing, stock, location, transport, and communications. Lean production and inventory management can help companies increase efficiency and reduce costs.

Objective of the study

This study Objective is offer benefits of AI future, focusing on its potential to solve large issues and facilitate innovation. It aims to provide insights into how AI implementation can improve supply chain management (SCM) in complex environments like the manufacturing sector. The study aims to help businesses become more knowledgeable about AI implementation, minimize potential challenges, and contribute to the long-term benefits and societal difficulties of AI.

Methodology

The selection of AI as a subject in this thesis stems from management courses at Umea University, which sparked interest in improving management in various industries. AI is an emerging technology with potential to revolutionize manufacturing and management. The thesis examines how artificial intelligence (AI) may improve supply chain management (SCM) in the manufacturing industry, providing useful information for companies using this technology.

The study aims to use an inductive approach to answer the research question, starting with empirical observation and identifying patterns within the appropriate subject. The inductive approach is more suitable for the thesis, as it progresses from specific to universal reasoning. The inductive approach is better suited for providing knowledge about the early stages of AI in manufacturing enterprises, with generalizable implications. The reasoning method, which based empirical investigation on a hypothesis and gathers facts, is not preferred in this study due to knowledge discrimination in social science. The inductive approach is the best choice for a study with interpretivism assumptions.

The research aims to understand the implementation of AI in manufacturing organizations, specifically in Swedish manufacturing companies. The study is designed as analytical research, focusing on analyzing and explaining phenomena rather than just documenting their characteristics. Exploratory research is less appropriate as it lacks a solid basis for understanding AI's structure and definition. Descriptive research may provide depth but does not cover the "how" essential to the research. Predictive research is more detailed and goes beyond analytical research, but is challenging to generalize due to AI's rapid evolution. The study concludes that analytical design is the optimal choice for the research.

Review of Literature

This paper evaluates MCDM techniques for supplier evaluation and selection, focusing on popular strategies and future solutions, emphasizing the shift from operational effectiveness to strategic partnership in industrial sector relationships. (Agarwal, P 2011). The review talks about how big data is used in manufacturing and operations, with an emphasis on how intellectual property analytics (IPA) can be used to find patterns and trends in enormous amounts of IP data. (Aristodemou, L., &Tietze, F. 2018). The study presents a neural network-based comparative forecasting methodology for handling ambiguous customer requests in a multi-level supply chain, demonstrating its effectiveness in a durable consumer goods enterprise..(Kahraman, C. 2009).

The study compares fuzzy TOPSIS and fuzzy AHP approaches for supplier selection, finding Fuzzy TOPSIS better for adjusting criteria, agility, and alternative suppliers, aiding in identifying successful supplier selection strategies. (Carpinetti, L. C. R. 2014). In order to mitigate supply-side risks in conventional energy sources, a mixed biomass-based energy supply chain that includes transportation and bio-refineries is proposed. This supply chain is shown to be beneficial in lowering costs and mitigating environmental effects. (Mirkouei, A., 2017).”

Quality criteria

Our degree project focuses on ensuring accuracy and integrity in research, using trustworthiness and authenticity as key attributes in qualitative research.

Credibility is the veracity of data and the researcher's interpretation and presentation, ensuring the trustworthiness of a study. The study employed triangulation, ensuring transparency and a secure atmosphere for interviews. The data was collected through a systematic coding process, ensuring anonymity and prolonged engagement. Transferability is the capacity to extrapolate broad conclusions from data across a range of social contexts and circumstances. The small sample size of six participants did not intend to make generalized claims, but the data saturation ensured general applicability. Reliability refers to the consistency and stability of research findings over time and various conditions. The study aims to define and present the research process clearly, enabling readers to easily follow the decisions made by the researchers. Regularly presenting work in progress to a supervisor ensures dependability. The study's validity and reliability are greatly increased by its credibility, transferability, dependability, and confirmability.

Authenticity

A research project must meet certain authenticity requirements, including fairness, ontological authenticity, educational authenticity, catalytic authenticity, and tactical authenticity. The research ensures fairness and ontological authenticity by considering participants' diverse experiences and providing valuable insights into their social context. Educational authenticity fosters deeper understanding of others, while catalytic authenticity promotes action to address issues, improve solutions, or strengthen related values. By utilizing confidentiality and negotiation strategies for different data kinds, tactical authenticity guarantees that participants have the agency and authority to perform the required actions. The research yields beneficial knowledge for both the participants and the broader community, resulting in a mutually beneficial outcome. (K.Sivaperumal, 2023)

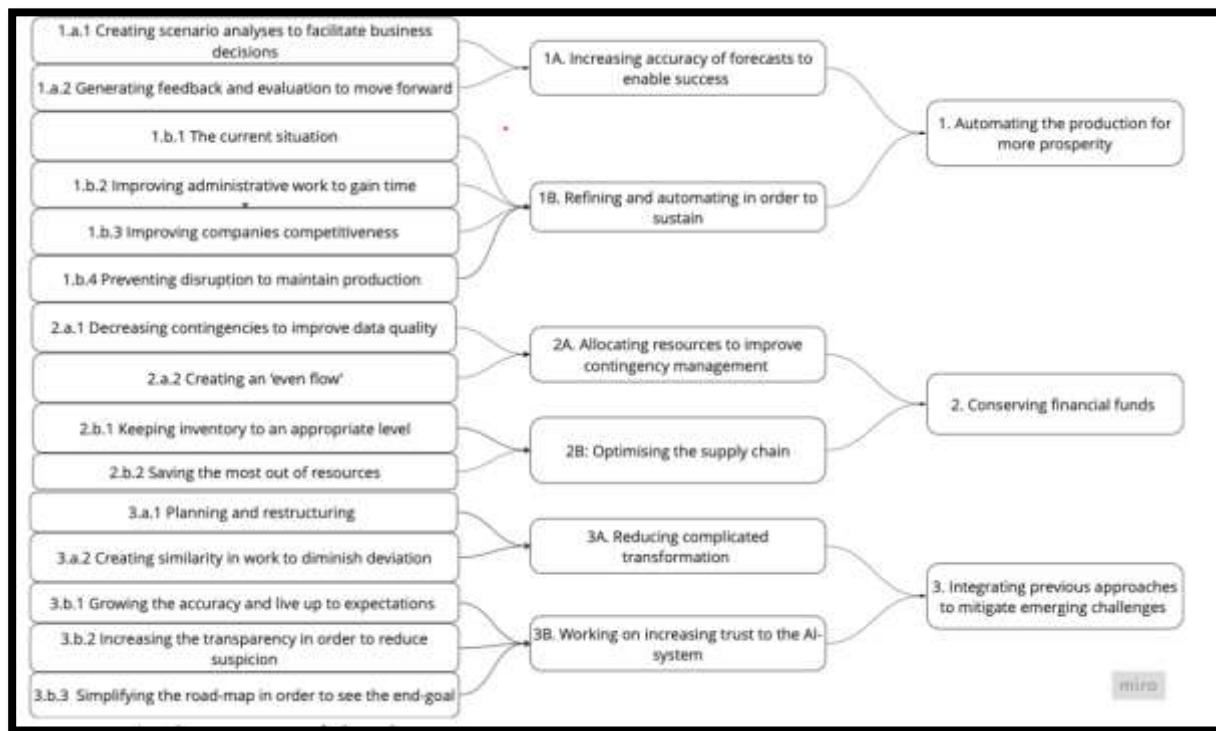
Empirical findings and analysis

This Study presents data collection results, summarizing findings and analyzing aggregated dimensions ascending order.

The thesis project aims to understand how AI implementation can improve Supply Chain Management (SCM). Using an inductive approach, the study is broken down into three categories: aggregate dimensions, second-order codes, and first-order codes. The first category is devoted to automation, conserving financial resources, and tackling new issues.

The investigation aims to improve resource allocation, forecast accuracy, and confidence in AI systems.

Glance of the structure of the data



Discussion and Theory Elaboration

This Study discusses findings, compares them to existing literature, and proposes a theory to address the research question of how AI implementation can improve Supply Chain Management (SCM). The study highlights the potential of AI in enhancing Supply Chain Management (SCM). AI optimizes production by analyzing data and offering recommendations for process enhancements. Sensor data aids in anticipating maintenance requirements, promoting predictive maintenance, enabling businesses to swiftly respond to changes and make informed decisions. Automation of manufacturing and supply chain management, coupled with feedback and assessment, enhances flexibility, predicts customer needs, streamlines processes, and opens up new opportunities for businesses. The report highlights the necessity of continual assessment and input about AI deployment, since the ROI is still unknown because of the high expenses associated with it. The true impact of AI on increased competitiveness and prosperity remains unclear, despite the potential benefits of AI. AI systems in manufacturing can improve supply chain processes, but efficient resource management and cost-cutting strategies are crucial for success. The technical complexity of supply chain management (SCM) further adds to the implementation costs. Despite these challenges, AI can yield long-term time and cost savings, but companies must carefully evaluate the benefits.

AI can enhance data quality by reducing the number of contingencies encountered in SCM. However, data quality issues arise when companies provide input to the system, which can degrade the data and render it ineffective. AI can speed up inspection times and increase the precision of defect identification, which helps improve supply chain operations. However, predictive maintenance may provide erroneous indications when initial data quality is inadequate. ML algorithms are also essential for optimizing inventory

management, as they can accurately forecast demand and optimize inventory levels. Artificial intelligence has the potential to enhance workflows and streamline the supply chain.

Conclusion and contributions

This research paper presents the research question, objectives, theoretical contributions, practical and social recommendations, limitations, and suggestions for future research, addressing the study's limitations and providing valuable insights. The research paper aims to provide guidance on the future of The study examines the development and implementation of AI in supply chain management, highlighting its potential to drive innovation and address significant business challenges. AI integration in supply chain management (SCM) can boost production automation, forecasting, accuracy, process optimization, resource conservation, and decision-making in the manufacturing sector. The study highlights the challenges of successful AI deployment, including evaluation, resource management, cost-cutting strategies, and assessing its potential benefits, despite its potential to improve supply chain management.

Although there are issues with data quality and system integration, artificial intelligence (AI) can improve supply chain management by optimizing procedures, cutting down on inspection time, and increasing fault detection accuracy. Resistance to AI adoption may stem from the challenge of converting processes to AI-compatible, addressing concerns about data security, and ensuring efficient communication. This study provides practical recommendations for successful AI implementation in Supply Chain Management, emphasizing the importance of human oversight and over-reliance on AI.

Limitations and future research

Time restrictions and a small sample size are two of the study's shortcomings regarding the application of AI in supply chain management. It ignores topics of reconstruction and upkeep. To obtain a comprehensive picture, future study should examine insights from every stage of the process.

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