



Institutional Login

Recognized as:
Universitas Sebelas
Maret (750-39-026)

Welcome!

To use the personalized features of this site, please **log in** or **register**.

If you have forgotten your username or password, we can **help**.

Journal Article



Integrated inventory model for three-layer supply chains with stochastic demand

Journal	International Journal of Operational Research
Publisher	Inderscience Publishers
ISSN	1745-7645 (Print) 1745-7653 (Online)
Subject	Materials and Manufacturing and Operational Management, Marketing and Services
Issue	Volume 13, Number 3/2012
Pages	295-317
DOI	10.1504/IJOR.2012.045666
Subject Group	Management and Business
Online Date	Thursday, March 01, 2012

[Add to marked items](#)
[Prices/Add to Shopping Cart](#)
[Add to saved items](#)
[Recommend this article](#)

Find [more](#)

- Within all content
- Within this journal
- Within this issue

Export Citation

[RIS](#) | [Text](#)

Journals

- [Inderscience Home](#)
- [Online Journals Home](#)
- [Search](#)
- [Browse](#)

[PDF \(264.2 KB\)](#) [HTML](#) [First Page Preview](#)

My Menu

- [Marked Items](#)
- [Alerts](#)
- [Order History](#)
- [Get Mobile Access](#)

Authors

Wakhid Ahmad Jauhari¹

¹Department of Industrial Engineering, Sebelas Maret University, Jl. Ir Sutami 36 A, Surakarta 57126, Indonesia

Abstract

In this paper, we consider three-stage inventory production system in three-layer supply chain with equal-sized shipments and incorporating raw material procurement. The vendor converts raw material, which is ordered from supplier, to finished product and delivers it to the buyer. We assume that the demand in buyer's side is stochastic and shortage is allowed. The objective is to minimise the expected total cost incurred by the vendor and the buyer. We derive expected total joint cost function and propose solution procedure to determine the optimal policy. Finally, we present numerical examples to illustrate the significance of cost reduction of the integrated model in comparison with independent model.

Keywords

inventory modelling, three-layer supply chains, stochastic, raw materials procurement, integrated models, supply chain management, SCM, expected total cost, cost reduction

Fulltext Preview (Small, Large)

Saved Items

All

Support

- [Technical Support](#)
- [FAQ](#)

Keep up-to-date

- [Our Blog](#)
- [Follow us on Twitter](#)
- [Visit us on Facebook](#)
- [Our Newsletter \(Sign Up\)](#)
- [RSS Feeds](#)
- [New issue alerts](#)
- [SHARE](#)

Integrated inventory model for three-layer supply chains with stochastic demand

Wakhid Ahmad Jauhari

Department of Industrial Engineering,
Sebelas Maret University,
Jl. Ir Sutarna 36 A,
Surakarta 57126, Indonesia
Fax: +62 271 632110
E-mail: wakhid_aj@yahoo.com

Abstract: In this paper, we consider three-stage inventory production system in three-layer supply chain with equal-sized shipments and incorporating raw material procurement. The vendor converts raw material, which is ordered from supplier, to finished product and delivers it to the buyer. We assume that the demand in buyer's side is stochastic and shortage is allowed. The objective is to minimise the expected total cost incurred by the vendor and the buyer. We derive expected total joint cost function and propose solution procedure to determine the optimal policy. Finally, we present numerical examples to illustrate the significance of cost reduction of the integrated model in comparison with independent model.

Keywords: inventory; three-layer supply chain; stochastic; raw material procurement; integrated model.

Reference to this paper should be made as follows: Jauhari, W.A. (2012) 'Integrated inventory model for three-layer supply chains with stochastic demand', *Int. J. Operational Research*, Vol. 13, No. 3, pp.295-317.

Biographical notes: Wakhid Ahmad Jauhari is currently a Lecturer in Sebelas Maret University. He obtained bachelor and master degrees, both in Industrial Engineering, from Sepuluh Nopember Institute of Technology (ITS) in Surabaya. His research's interests include modelling inventory, simulation study and manufacturing design.

1 Introduction

The remarkable interest in integrated inventory model-related research in recent years has been due to its significant benefit to improve supply chain system collaboration and coordination, especially in reducing total system cost. If there exists no coordination, then each party will act individually to make decisions that minimise their own cost; this may not be optimal for the system. Parties in any stage of supply chain systems are realising that integrating inventory decisions through determining production and delivery decisions jointly is one of the best strategies to improve supply chain performance. The determination of lot sizing decisions that considers all parties' interest in supply chain system is known as joint economic lot size (JELS).

Copyright © 2012 Inderscience Enterprises Ltd.

[Contact us](#) | [About Inderscience](#) | [OAI Repository](#) | [Privacy & Cookies Statement](#) | [Terms & Conditions](#)

Copyright © 2013 Inderscience Enterprises Ltd. All rights reserved.
Powered by [Metapress](#).

[Metapress Privacy Policy](#)
Remote Address: 203.6.149.3 • Server: MPHQWBRDR01P
HTTP User Agent: Mozilla/5.0 (Windows NT 5.1; rv:21.0) Gecko/20100101 Firefox/21.0