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# Quantity discount versus lead time-dependent discount in an inter-organizational supply chain

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## Abstract

Supply chain management refers to the integrated management of a set of activities from the ordering and receiving of raw material through manufacturing of products to the distribution and delivery to the customers. One of the main mechanisms used to coordinate the efforts of an inter-organizational supply chain are incentive systems. This research uses simulation to compare two incentive systems: quantity versus lead time-dependent discounts. The empirical results showed that discount systems do make a difference in the gross profit for the individual members of the supply chain. The paper also provides managerial implications for possible implementation of this research.

Keywords:

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