



## Imperative Strategies to Create an Efficient Supply Chain Process

Ali Abou Abbas

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### ABSTRACT

This paper addressed supply chain management from another angle of view, which explored the importance of leadership style in the supply chain process. The first part of this paper presents an overview of supply chain management and the definitions stated by researchers for decades. Furthermore, this paper reveals the dilemmas in supply chain management and some barriers facing the organizations' leaders to overcome these obstacles. Therefore, the second part of this paper presents and develops the two theories of cultural intelligence and strategic flexibility that helps managers to overcome these dilemmas. This part will present the theories background and the importance of the application of these concepts on supply chain management in general and in the healthcare industry in specific. Finally, we provide some suggestions for future researchers to consider these two variables as the main factors in their studies due to the importance of the culture in today's businesses and due to globalization. Moreover, researchers must pay attention to the role of planning in supply chain management in the future.

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### Introduction

#### Analysis of the Field

In today's competition economy, companies around the world are discovering supply chain management as a powerful source to provide excellent service and quality to clients. The term supply chain management was initially used to describe the integration of manufacturing operations, purchasing, transportation, and physical distribution into a unified program with the objective to reduce time and cost (Wisner and Choon, 2000). Lalonde (2007) defined supply-chain-management as follow: "*The delivery of enhanced customer and economic value through synchronized management of the flow of physical goods and associated information from sourcing to consumption.*" The intense global competition led the international companies to build a strong network of suppliers, distributors, and other stakeholders within the supply chain management (Storey, Emberson, Godsell, & Harrison, 2006). This relationship among these stakeholders offers lower-cost, higher quality, better service and greater strategic flexibility (Wisner and Choon, 2000).

The implementation of supply chain management in business today is an inevitable choice to reduce production cost and reduce transaction cost. The importance of the implementation of supply chain management is to control and facilitate information sharing between stakeholders, enable companies to maintain a high degree of market sensitivity, and respond effectively to market uncertainty (Wei, Xiang, 2013). Supply chain management is a systematic management philosophy aimed to enable companies to fully understand the customer and market demand and ultimately achieve long-term sustainable development of enterprises (Wei, Xiang, 2013).

In the open markets, managers rejected the traditional view of chain management and realized that the measure of organization's success is how to coordinate across the supply chain to provide value for the customer and increase the profitability of every link in the chain (Anderson, Britt, & Favre, 2007). Thus, strengthen and successful supply chain management is to pay attention to market information based on the perspective of the whole supply chain. Anderson et al. (2007) stated seven principles help managers to take a decision:

1. Classify customers in groups based on their needs and adapt the supply chain to serve these groups profitably.
2. Customize the logistic network to serve customer groups.
3. Pay attention to market signals and align demand planning accordingly across the supply chain, ensuring consistent prediction and optimal resource allocation.
4. Speeding the conversion from raw materials to finished product.
5. Manage different sources of accredited suppliers to reduce cost of materials.
6. Develop high technology system to handle day-to-day transactions and provides a clear sight of the flow of products, services and information.
7. Define the measures to gauge the performance of supply chain process in reaching the end-user effectively and efficiently.

The competition in a global marketplace imposed the importance to align business strategy with a risk management strategy that includes strengthening global supply chains and vendor partnerships (Wisna, 2008). Global supply chains must be carefully managed and monitored to ensure the competitive edge required to reach a degree of success in the global marketplace in a short time and lower cost (Wisna, 2008). Working in the international arena is replete with

Tele:

E-mail address: [ally.a.abou@gmail.com](mailto:ally.a.abou@gmail.com)

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occasions and obstacles, the organization's manager must be careful when enters into outsourcing agreements with global partners and suppliers. Cultural difference in global supply chain management represents a significant dilemma impacting a company's market share, based in part on customers' perceptions of a product's integrity and thus affect revenues. According to Hudson (2005), the organization's manager must realize, accept, and cultural differences with people to develop a healthy working relationship. Managing the cultural differences in supply chain management, managers must react in an open mind, be patient, and understand language, are critical to succeed. Cultural knowledge and efficient mindset are the key factors that the organizations need to deliver the Triple-A Performance Which consists of Agility, Adaptability, and Alignment (Lee, 2004).

### **Research Topic**

The need to increase awareness of culture as a variable in supply chain management that affect the organizations is for two reasons. First, most of the today's businesses have become increasingly culturally diverse and dealing with suppliers or clients overseas. Second, lifestyle practices in business cannot be addressed independently from people's cultural backgrounds (Al-Bannay, Jarus, Jongbloed, Yazigi, & Dean, 2013). The research topic will discuss the role of managers in global supply chain management to overcome the dilemma of culture through two different aspects: the strategic flexibility and cultural intelligence.

Bowersox and Closs (1996) argued that supply chains need leaders as much as individual organizations who play a fundamental role in coordinating and overseeing the whole supply chain (Mentzer, DeWitt, Keebler, Min, Nix, Smith, and Zacharia, 2001). Mentzer et al. (2001) stated that based on research and studies, the success of supply chain management is strongly related to the presence of constructive leadership capable of stimulating cooperative behavior between participating firms. Therefore, to manage culture problem in supply chain management, leaders should have knowledge in cultural intelligence and strategic flexibility to overcome barriers that might face succeeding. Cai, Jun, & Yang, (2010) stated that cultural knowledge and flexibility impacted the management practices and influenced by both individuals and companies react to pressure exerted by external forces. Efficient strategic flexibility includes all the flexibility dimensions required by all the participants in the supply chain to successfully meet customer demand (Duclos, Vokurka, and Lummus, 2003). As well, cultural intelligence awareness in supply chain management mitigates risks, builds a productive and worthwhile relationship between partners and reduces operational costs between businesses (Jia, Rutherford, 2010).

### **Cultural Intelligence**

During the last decade, the construct of cultural intelligence (CQ) has become the interest among management researchers to solve cross-cultural problems. Described by Earley and Ang in 2003, cultural intelligence which draws on Sternberg and Detterman's (1986), offered a set of abilities encompassing mental, motivational, and behavioral components that focused specifically on resolving cross-cultural problems (Yee NG, Van Dyne & Soon Ang, 2012). Three of the four dimensions' Metacognition, cognition, and motivation are mental capabilities that reside within the head, while the fourth overt dimension actions are

behavioral capabilities person (Yee NG, Van Dyne & Soon Ang, 2012).

Metacognitive CQ reflect a higher mental process that individuals use to organize and comprehend cultural knowledge. This process includes planning, monitoring, and reviewing mental models of cultural norms four countries or group of people (Yee NG, Van Dyne & Soon Ang, 2012).

Cognitive CQ focuses on explicit knowledge of values, norms, conventions, and practices obtained from education and personal experiences including knowledge of social, economic, sociolinguistic, and legal systems in different cultures and subcultures (Yee NG, Van Dyne & Soon Ang, 2012).

Motivational CQ reflects the ability to initiate, direct attention toward learning and other functional behaviors in culturally unfamiliar or diverse situations. Individuals with high motivational CQ tend to "direct attention and energy toward cross-cultural situations based on intrinsic interest and confidence in their cross-cultural effectiveness" (Yee NG, Van Dyne & Soon Ang, 2012).

The final dimension is the behavioral CQ, which focuses on individuals' ability to employ verbal and nonverbal actions when interacting with persons from various cultures (Yee NG, Van Dyne & Soon Ang, 2012).

### **Strategic flexibility**

Strategic flexibility is involving firm responsiveness to pressures and a proactive rather than reactive attitude and the ability to do something other than originally intended (Bock, Opsahl, George and Gann, 2012). Conceptually, this theory suggests the ability of the organization to take some action in response to external changes and thus can be viewed as strategic capability (Robert and Stockport. 2014). Strategic flexibility concept has been described and studied by numerous researchers. Aaker and Mascarenhas (1984) focused on uncertainty environment which creates the need for strategic adaptation while Sanchez (1995) suggested that the organization's strategic flexibility based on the inherent flexibility of the resources and the company's flexibility apply those resources in alternative action (Robert and Stockport. 2014).

Evans (1991) argued that strategic flexibility is used to denote the company's capabilities to maneuver offensively and defensively in case of the events that affect the organization by necessity instead of choice action (Robert and Stockport. 2014). Bock et al., (2012) revealed that the culture has an effect on strategic flexibility. Success in a business strategy implementation requires new managerial mindsets that emphasize global markets, strategic flexibility, and the ability to harness change that matches with cultures (Schaap, 2012). Using the strategic flexibility concept provides to the organizations a constructive friction between change and preservation, in particular between the organization culture and external culture. Therefore, this concept is helpful in my study to understand the ability of the organizations to implement a business strategy and align it with internal and external national cultures.

The aim of this qualitative multiple case study is to evaluate inventory management in the healthcare sector in the MENA region, with a particular concentration on the distribution of medicines from a wholesaler or the overseas suppliers to clinics. The expecting findings of this study are to identify two main issues: first, the capability of suppliers to deliver urgent orders and stock availability. Second, determine the barriers to achieving this, including

consideration of current supply chain management performance in the MENA region. Thus, this qualitative multiple case study has a significant impact to reveal the benefits that modern supply chain management techniques can bring to healthcare supply chain systems in the MENA region and improvement of the system performance to provide excellent services to patients.

In the pharmaceutical industry, competitive advantage is driven by two factors: first, the research and development. Second, by optimized supply chain management. Such as any industry, harmonizing supply chain management process in pharmaceutical sector will lead to reducing inventories, increase capacity utilization, reduce orders time, and lower costs. The research will focus on supply chain which is included in three different levels: chemical plants, pharmaceutical plants, and marketing affiliates. The objective of this study is to create a clear supply chain vision to implement best practice processes enabling the future growth and following the global strategy.

#### Future Directions

Supply chain management is very broad, whatever the number of research conducted in this industry could not address all the supply chain facets. Along with a supply chain, several important decisions have to make and coordinate every minute from many persons. These decisions and tasks must be organized and prepared in a professional way to improve the process performance. This preparation is the job of planning. Planning supports decision-making by identifying alternatives to future activities and selecting some good ones or even the best one. An effective plan for supply chain divided into three levels: Long-term planning, Mid-term planning, and Short-term planning. Future researchers in supply chain management must develop the planning process in the supply chain and the integration with projects management process to provide deep insights regarding supply chain planning. Enterprises need a single management system that breaks down the barriers between supply chain management and projects management.

Due to the globalization, the cultural intelligence has a significant impact on job performance in supply chain management. Jyoti, Kour, and Bhau (2015) stated that cultural intelligences influence on job performance and that managers must have the knowledge in other cultures which helps them to be adapted to the ambiance which is culturally different to improve their performance. Researchers should take the culture into consideration as the primary factor in their future research where supply chain management in today's business consists of stakeholders from different cultures. Therefore, culture and performance affect strategic flexibility when the organizations engage in global business. Some of this relationship depend on managers' ability to adapt their activities with local and international businesses and be able for a quick change to reach the organization's goals.

In conclusion, supply chain management is consisting of many factors that have an influence on all chains of the process. Therefore, any breaks in one task in this chain lead to a failure in the whole process which increases the cost of products and services, affect the quality, and clients' satisfaction. This paper tried to reveal that organizational design for supply chain management to prominent firms is now considering essential by exploring the importance of cultural intelligence, strategic flexibility, and planning.

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