Chapter 26
Fostering Supply Chain Management in Global Business

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ABSTRACT

This chapter reviews the perspectives of fostering supply chain management (SCM) in global business, thus describing the theoretical and practical concept of SCM; the applications of SCM; fostering SCM through knowledge management (KM) in global business; the strategic success factors of SCM; and the significance of SCM in global business. The utilization of SCM is necessary for modern organizations that seek to serve suppliers and customers, increase business performance, strengthen competitiveness, and achieve continuous success in global business. Therefore, it is essential for modern organizations to examine their SCM applications, develop a strategic plan to regularly check their practical advancements, and immediately respond to the SCM needs of customers in global business. Applying SCM will extremely improve organizational performance and reach business goals in global business.

INTRODUCTION

Supply chain management (SCM) has both theoretical and managerial implications, and is positively related to organization's orientation, recognizing the way that the organization integrates supply chain implications throughout decisions that the organization makes (Ellram & Cooper, 2014). As the industrial environment becomes more competitive, SCM has attained growing attention from practical and academic societies as an essential discipline (Shafieezadeh & Sadegheih, 2014).

SCM is quickly growing as both a strategic initiative and an academic discipline (Richey, Roath, Whipple, & Fawcett, 2010). SCM is a coordinated system in moving products or services from supplier to customer (Saberi, Nookabadi, & Hejazi, 2012), and is an ongoing process requiring continuous efforts to obtain the desired results (Siddiqui, Haleem, & Sharma, 2012). Supply chains and SCM are the significant areas of business practices that overlap with the discipline and practice of marketing and marketing management (Mentzer & Gundlach, 2010).

The strength of this chapter is on the thorough literature consolidation of SCM in global business. The extant literature of SCM in global business provides a contribution to practitioners and researchers by describing a comprehensive view of the functional applications of SCM in global business to appeal to different segments of SCM in global business in order to maximize the business impact of SCM in global business.

BACKGROUND

The concept of SCM was introduced in the early 1980s (Harland, 1996), and is understood to be a set of practices for managing and coordinating the transformational activities from raw material suppliers to ultimate customers (Heikkila, 2002). Over the past two decades, the scope of some key subjects in operations management has extended beyond the single company to include supply chain partners and their interactions (Thomé, Scavarda, Pires, Ceryno, & Klingebiel, 2014). The subject of supply chain design has also attracted wide attention in the operations research and management science community (Zhang, Luo, & Huang, 2013).

The integration of key business processes within and across companies that add value for customers and other stakeholders can be called SCM (Bechtel & Jayaram, 1997). SCM can be defined as the integration of business processes, through upstream and downstream linkages, that produce value in the hands of the final customer (Christopher & Ryals, 1999). SCM improves competitiveness of the supply chain through the long-term customers to supply chain relationships and a cooperative approach to business processes (Om, Lee, & Chang, 2007).

FOSTERING SUPPLY CHAIN MANAGEMENT IN GLOBAL BUSINESS

This section describes the theoretical and practical concept of SCM; the applications of SCM; fostering SCM through KM in global business; the strategic success factors of SCM; and the significance of SCM in global business.

Concept of Supply Chain Management

Rapid technology development, globalization, and customers' varied expectations are changing the type of markets' competitions from competitive independent firms to competitive supply chains (CSCs) (Xiao & Yang, 2008; Zhang, 2006). Efficient coordination of individual firms in the form of supply chain requires better management of material flow throughout their network structure (Farahani, Rezapour, Drezner, & Fallah, 2014). SCM is considered a pipeline of physical and informational flows between suppliers and customers (Lu, Trappey, Chen, & Chang, 2013), and is not only a linear structure but actually a network (Bhaskar & Lallement, 2008).

The nature of supply chain networks is that they are a complicated network structure consists of suppliers, manufacturers, warehouses, and retailers organized to produce and distribute merchandise at the right quantities, to the right locations, and at the right time, in order to minimize total costs while satisfying service level requirements (Simchi-Levi, Kaminsky, & Simchi-Levi, 2003). Supply chain network design (SCND) determines the structure of supply chain and affects its costs and performance

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