

Developing Global Supply Chain Manager for Business Expansion



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INTRODUCTION

Globalization makes market becomes more competitive since nowadays the problem of geographical boundaries which hinders marketing of products and services can be overcome more easily. With the help of technological advancements, such as the internet and logistics, products and services can be marketed and consumed in any part of the world rather easily. Customers can freely choose the products and services based on their preferences on price, quality, or mode of acquisition (Morgan, 2003).

To win the competition in the global market, it is not enough for a company to operate on local level alone. Kiessling (2013) and Flint (2004) explain that with the global market, the products and services provided by MNCs can reach closer to customer value from all parts of the world. Compared to selling the product locally, global market shares are indeed much bigger. It has to operate globally, sell their products and services internationally. As an example, three brands which are produced by local companies but are already known as an international product, Nestle Coffee, Levi's jeans, and Carrefour, have to compete with superstores such as Wal-Mart (Hammond and Grosse, 2003). Local companies have to think globally and slowly transform themselves to become Multinational Corporates (MNCs) (Hammond and Grosse, 2003; De Chiara and Spane, 2011). Multinational companies operate in multiple countries, and they move products,

services, cultural styles, and economic power from one country to the others (Hammond and Grosse, 2003). For example, a German multinational engineering and electronics company, Robert Bosch GmbH, has established more than 350 subsidiaries across over 60 countries. Unilever, a London-based multinational consumer goods company, has created subsidiaries in at least 90 countries (Nguyen et al., 2015).

One of many ways for MNCs to be competitive is that the firm has to produce products and services which meet customers' preferences, which are: having high quality with affordable price (Griffith, 2006). MNCs which operate in multiple countries can get 4 location advantages by utilizing different characteristic from each geography, which are: resources, efficiency, market, and strategic asset (Dunning, 1998; De Chiara and Spane, 2011). MNCs have to think and find another alternative of raw materials with affordable cost from other countries. They also have to consider ways to shorten their time cycle to deliver products to customers and to minimize logistics cost. In addition, as an effort in terms of resources and efficiency, they have to find operating locations which have lower labor and resource cost (De Chiara and Spane, 2011; Christopher et al., 2006).

The needs to think globally and act locally can be materialized by utilizing supporting concept of global supply management. The global supply chain in MNCs will force companies to pay attention to supply chain matrix to achieve cost

reduction, better time utilization in production line, faster shipment, cheaper labors and satisfaction (Flint, 2004; Mollenkopf et al., 2010; Manuj and Mentzer, 2008).

The dynamics in business environment and buildup of the global market force the parties in supply chain to be equipped with different skills and competencies to facilitate them to manage the larger scope of global supply chain successfully (Hohenstein et al., 2014). A global supply chain manager's role is to handle the workflow of the materials and products across domestic and global markets. Capabilities and competencies to manage resources globally play a key role to enhance supply chain management (Keller & Ozment, 2009).

Earlier studies show that the effectiveness of supply chain management operations are disrupted by unclear goal setting implementation from an organization, and this can be improved through better human resources (Gowen & Tallon, 2003). According to Ellinger and Ellinger (2014); and Kiesling et al. (2004), supply chain management role has been changed dramatically in terms of required skill set, knowledge, and capabilities for them to be able to connect and run a global operation.

The importance of a global manager's role to support global supply chain management in MNCs is very critical. Earlier researches in understanding the importance of human resources in supply chain management have been conducted, but a specific research in global supply chain management has not yet been conducted—to be specific, on *building* global supply chain management in MNCs—only a few scholars conduct this before. Within this chapter, we will deepen the analysis on the competency required by a global supply chain manager in relation to his role to support business expansion globally, based on the previous study which has been published in the academic journals.

This chapter is structured as follows. The next section presents a short background on the growing importance of global supply chain managers. In the following section, in the main focus of this

chapter, previous researches about global supply chain management and its intersections with human resources management will be discussed. After the problem has been identified, the next chapter is designed to digest further the solution and recommendation, followed by future research direction, and to be closed with a conclusion.

BACKGROUND

In the beginning, supply chain management was only established in local companies. With globalization coming along the way, companies need to develop strategies related to supply chain management. Global supply chain management will allow company to utilize benefiting factors of varied location globally, for examples: level product and process technology expertise, labor force capabilities, input factors cost, local tax rates, and the capabilities offshore vendors (Cohen and Malik, 1997).

Global supply chain management will deal with varied interests from business management and supplier globally rather than locally, thus it requires manpower which can supervise effectively all of the activities of global supply chain and can collaborate internationally (Harvey et al., 2013). Involvement of human resources on the success implementation of global supply chain management is an interesting topic which has not been studied widely by researchers. It is well known that human resources can boost company's performance through strategic management of the knowledge, skill and HR capabilities. Human resources managements in general are series of activities such as recruitment, selection, training, performance management, compensation, labor relations to manage staff of the organization (Ivancevich, 2003). With the global world development, MNCs are required to manage human resources management in much more sophisticated ways. Compared to local companies, they have to ensure the recruited staff is the most talented staff

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