Chapter 82

The Role of Emerging Technologies in Developing and Sustaining Diverse Suppliers in Competitive Markets

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ABSTRACT

As organizations seek to maintain competitiveness in an ever-challenging global economic environment, considerable attention has been focused on rationalizing and realigning supply bases to match market realities. Firms are reducing and restructuring the number and types of suppliers from which they buy goods and services worldwide. This restructuring has a direct impact on minority suppliers. This chapter focuses on how minority suppliers can use technology, with particular focus on electronic procurement systems and related methods, to strengthen performance and attractiveness to potential business-to-business customers. Through the use of e-procurement, electronic auctions, and multiple customer relationship management processes, minority firms can strengthen relationships that lead to long-term success.

INTRODUCTION AND BACKGROUND

The concept of supplier diversity has evolved into an important component of strategic supply chain management, as well as being a significant metric for overall business performance. In their work on the purchasing function's contribution to socially responsible management of the supply chain, Carter and Jennings (2000, p. 27) included diversity as a key component of the social responsibility domain. Thus, they viewed supplier diversity as a critical piece of the organizational landscape as firms work to better understand and contribute to the broader environment in which they function. In particular, this characterizes the sourcing function, where organizations identify firms from which to procure a wide range of inputs necessary for an ongoing business concern.

Purchasing social responsibility (PSR) is an outgrowth of, and thus a subset of, the concept of Corporate Social Responsibility (CSR). As organizations interface with their respective environments, it is important for them to craft the appropriate kinds of relationships across a range of publics and stakeholders. Under the CSR umbrella, organizations may address a plethora of concerns, ranging from environmental policies, ethics, safety, and purchases from minority-owned enterprises. While most firms see these behaviors as good ones in which to engage, these activities are certainly not singularly altruistic. There are both calculable and non-calculable competitive benefits that accrue from cumulative CSR behaviors.

The key aim of the current chapter is to focus on PSR as a component of CSR and to examine how supplier diversity as a resource can be shaped through technology to become an even more meaningful component of organizational strategy. The guiding question becomes 'how can astute use of technology reinforce, complement, and expand the reach of supplier diversity as a tool to enhance organizational performance and contributions to the broader society?' To that end, this chapter focuses on the role of supplier diversity in corporate strategy, the business case for supplier diversity, conceptual views of diversity as a competitive resource, the role of technology in supply chain management, and the implications of technology for increased supplier diversity initiatives in global markets.

Supplier diversity has transitioned from a 'feel good' activity on the part of business organizations into one that makes 'good business sense,' contributing to strategic objectives and long-term profitability. It is viewed as a means to creating value for the organization. As options for value creation proliferate, there are many opportunities for organizations to simultaneously increase competitiveness and support minority business development. One key component of value creation is leveraging the latent potential of diverse customers, suppliers, and employees. Thus, it is important to focus on the business-to-business context, in which diverse enterprises use the full range of competitive tools to grow market share and to enhance stakeholder satisfaction.

The chapter addresses the role, purpose, and importance of supplier diversity in contributing to sustained success in competitive marketplaces, and the pivotal, facilitating role offered by technology. As supplier diversity increases in importance, how can technology serve as an enabling factor, capable of delivering higher quality and quantity of exchanges of goods and services? This question becomes even more critical as organizations in general undergo considerable supply base consolidation. Adobor and McMullen (2007) suggests that even in an era of supplier consolidation, supplier diversity has considerable potential as a tool of competitive advantage, if integrated properly into the fabric of corporate strategy. Since much of supply base reduction impacts smaller organizations, of which minority firms are represented in large numbers, gaining and maintaining in-supplier status becomes even more challenging. Thus, technology offers a facilitating path to competitiveness for minority suppliers during periods of retrenchment and belt-tightening.

Building conceptually on the resource-based view of the firm, the chapter addresses supplier diversity as a dynamic resource capable of contributing, in both tangible and intangible ways, to the capacity of organizations to enhance customer profitability and well-being. A discussion of the extent of minority business participation in the array of technology-driven processes and methodologies, offers insight into the growth potential of diverse organizations.

The link between supplier diversity and technology is laden with unrealized potential. As minority suppliers compete more adroitly in global marketplaces, there must be a concerted effort to use all aspects of technology more innovatively. From a technology perspective, the chapter focuses on e-procurement, reverse electronic auctions, and to a lesser extent, social networking. Increasingly,

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