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The evolving role of supply chain managers in global channels of distribution and logistics systems

Evolving role of
supply chain
managers

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Abstract

Purpose – Supply chains have become a strategic strength to many firms due to the nature of the globalization of business. The past roles of supply chain managers have changed dramatically and now also include various new duties that will enhance firm competitiveness due to their boundary spanning nature and the new focus of learning organizations. The paper aims to discuss these issues.

Design/methodology/approach – This was a theoretically developed paper exploring trust, learning organizations, and supply chains.

Findings – Researchers are now focussing on the relationship among the supply chain network through the paradigm of relational marketing as the governance structures of contractual arrangements globally cannot be anticipated.

Originality/value – The research through the lens of relational marketing explores how supply chain managers' core duties are now compounded by global/cultural nuances in respect to implicit knowledge acquisition and relationship development through strong-form trust.

Keywords Boundary spanners, Globalisation of channels of distribution, Strong-form trust

Paper type Research paper

Introduction

By 2050, seven-eighths of the world's population is forecasted to live in developing and/or emerging economies (World Development Report, 2010). At the present rate of population growth, eight billion people will live in emerging countries while the developed world will have one billion inhabitants (World Development Report, 2007). The distribution of goods and services to consumers in emerging markets can only be accomplished if an efficient and effective infrastructure accompanies the growth in demand for goods and services (World Development Report, 2008). Expanded distribution and logistics systems will provide the means to deliver an increase in the standard-of-living of the indigenous inhabitants of these emerging countries. Research suggests a correlation between establishing an infrastructure and prosperity where increases in quantity/quality of infrastructure will result in an increase in gross domestic product (GDP) per capita (World Development Report, 2007, 2008, 2010).

The evolution of the emerging markets necessitates global firms to reorient their supply chains into global or network configurations to compete more effectively (Johanson, 1994; Narasimhan and Mahapatra, 2003). The current globalization process that is underway is viewed as a macro-network of contemporaneous events, options, and constraints, which requires the development of a supply chain strategy for multinational



corporations (MNCs) (Flint, 2004). It has been forecasted that globalization will be an enduring phenomena due to the reduction of entry barriers into countries, technological advancement, increased information/knowledge transfer, and emerging markets becoming a viable alternative for rejuvenating mature products and industries. Another indication of globalization is that the top 100 firms' annual revenues are larger than the bottom 120 countries GDP and we now see very large emerging market firms competing (e.g. Samsung (S. Korea), revenues \$149 billion, China National Petroleum, revenues \$352 billion, Koc Holding (Turkey), \$45 billion, Tata (India), revenues \$34 billion, Vale (Brazil), \$59 billion, etc.).

Supply chains are evolving into global networks which will accentuate the need to reexamine the requirements used in the selection of supply chain managers. The evolving role of supply chain management is to build critical linkages from the focal firms with other supply chain members while simultaneously managing the internal functional and cross-functional relationships between the headquarters and subsidiary operations of the global organization (Hulsmann *et al.*, 2008). The question becomes "what competencies are needed to effectively manage global supply chains?"

Prior research has shown, for example, that a global or worldwide sourcing strategy can assist management in transforming their businesses into leading edge competitors (Bhatnagar and Viswanathan, 2000; Kleindorfer and Saad, 2005). These global value chain strategies may result in significant performance gains through integration and coordination of sourcing and related marketing activities found in channels of distribution (Manuj and Mentzer, 2008). Thus, global sourcing and supply chain management has been tied to cost reduction, quality, and overall improved competitive position through structures and processes that embrace managerial competencies and commitment (Narasimhan and Mahapatra, 2003).

Japanese companies recognized earlier than most other MNCs the importance of global orientation and had moved rapidly into emerging countries (Meixell, 2005; Gereffi *et al.*, 2005). Still, research shows that many of these companies view global expansion as a protection mechanism (i.e. to react to other competitors strategies or gain early access to growing emerging markets), rather than as a competitive opportunity (Manuj and Mentzer, 2008). To fully grasp the advantages of global sourcing and marketing orientation, firms need to integrate localized supply bases/chains and contain the risk associated with global infrastructure (Kleindorfer and Saad, 2005; Christopher *et al.*, 2006).

This paper is divided into five sections. First, the foundation of relational marketing is examined in a global channel of distribution setting. Second, the importance of developing, building, and maintaining trust in a global supply/logistics network is explored. Third, a model of strong-form trust (SFT) is introduced to illustrate the value/importance on expanding the traditional view of trust in interorganizational relationships. Fourth, a discussion of the importance of boundary spanners in a global distribution/logistics context is presented. Finally, a discussion of the evolving role of supply chain managers in global networks as boundary spanners is examined.

Foundations of relational marketing

Due to firms outsourcing globally, joint ventures, foreign operations of parts manufacturing, etc., firms have developed new forms of organizational structures and governance to manage these far-reaching global supply chains. These external inter-firm relationships continue to be researched as performance measures are directly affected (Palmatier *et al.*, 2006). Research suggests that the development of positive inter-organizational relationships

produce long-term higher levels of cooperation, reduced conflict, greater innovation, market expansion, and cost reduction (Cannon and Homburg, 2001; Palmatier *et al.*, 2007).

As high levels of interdependent supply chain partners require coordination of flows of raw materials and goods (Min *et al.*, 2008), global firms now take a systems approach to manage the various firms in the supply chain as a single entity (Min and Mentzer, 2004). These independent entities are now seen as proactive and interdependent interacting for long periods of time (Leonidou, 2003). The importance of cooperation of all these independent international entities has led researchers to focus on the relational aspects of the firms as both a governance mechanism and an assurance of continued performance (Obadia, 2008).

As exchange partners are now co-producers of value and their performances are dependent upon each other (Vargo and Lusch, 2004) much research has now shifted from a transaction-oriented marketing focus to a relationship-oriented marketing focus (Wathne and Heide, 2006). The marketing literature typically utilizes one of the following four separately or intertwined theoretical foundations for inter-organizational relationship research: commitment-trust (Morgan and Hunt, 1994), dependence (Bucklin and Sengupta, 1993), transaction cost economics (Williamson, 1975), and relational norms (Lusch and Brown, 1996).

Recent research suggests, however, that commitment-trust and relationship specific investments are the key drivers of inter-organizational performance consistent with the resource-based view of the firm (Palmatier *et al.*, 2007). Thus relational exchange theory (RET) (MacNeil, 1978, 1980) is used significantly in the marketing literature to explore long-term focussed inter-organizational relationships. This research is based on the social exchange (Emerson, 1962, 1976; Homans, 1958) and has a focus on future transactions based upon a history of past transactions highlighting concepts such as trust, commitment, and dependence (Styles *et al.*, 2008).

RET (MacNeil, 1978) focusses on long-term contracts where it is not possible to account for all future contingencies and appropriate adaptations reflecting today's global marketing and supply chain reality. Thus, the neoclassical view of contracting recognizes that the world is complex, agreements are incomplete, and that some contracts will never be reached unless both parties have confidence in the settlement process (Li *et al.*, 2010). In relational exchange the progressively increasing duration and complexity of contracts have resulted in the concept of discreteness to be discarded and replaced by dynamic – often unwritten and thus implicit-contracts across the entire relationship of the partners.

The unit of analysis for relational marketing is on the firm level as contracts and relationships are complementary (Seshadri and Mishra, 2004). The relationships/implicit-contracts are highly significant as it guides the future behavior of the firms. When parties are unable to reduce important terms to well-defined obligations and ambiguities, an implicit contract is said to exist (Goetz and Scott, 1981). The implicit contract is distinguished by its use of norms, or patterns of accepted and expected sentiments or behavior shared by the members of an exchange system that create a social obligation (Axelrod, 1986; MacNeil, 1983; Thibaut and Kelly, 1959). Implicit contractual norms differ greatly in their content and orientation from one setting to another (Thibaut and Kelly, 1959) and are important both socially and organizationally (Grundlach and Achrol, 1993).

For these interorganizational relationships to be successful, the relational marketing literature and implicit contracting literature suggest that trust be established between the firms and within the supply chain network (Wicks and Berman, 2004).

The development of trust occurs over time through numerous past transactions and some research has compared those trustworthy firms in the supply chain network that remain and are effective do so through Darwinian selection (as those that are untrustworthy die off, leave the supply chain relationship) (Eyuboglu and Buja, 2007). We now explore the construct of trust in the next section due to its importance for success in interorganizational relationships and the evolving role of the supply chain manager in both trust development and relational marketing.

The importance of trust in inter-organizational relationships: a global relational marketing focus

In recent years, there has been a shift from simple to multifaceted consideration of networking relationships, meaning that the focus of researchers has shifted from the simple distinction between the existence vs non-existence of relationships to consideration of attributes such as the strength, content of a given relationship, and duration of relationships (Brass *et al.*, 2004). These relationships, also known as interorganizational ties, can include but are not limited to relational contracting, strategic alliances, joint venture, and research and development consortia which serve purposes such as information processing, resource exchange, power relations, boundary penetration, and sentimental attachments (Kenis and Knoke, 2002). One aspect of the strength and/or content of a relationship is the trust created among interconnecting parties. Trust, in the general sense, was described by Uzzi (1997) as “the belief that an exchange partner would not act in self-interest at another’s expense” (p. 52). The idea of trusting or the reliance on counterparts with which firms are entering agreements depends on the connectivity between entities (embeddedness vs arm’s length ties) and network structure (closed network vs structural hole) firms are encountering.

Research suggests that the development of trust between firms in global interorganizational exchange relationships is the primary way for firms to achieve their performance expectations (Katsikeas *et al.*, 2009). Due to the global nature of business including the physical and psychic distance, without trust firms will not be willing to share strategic tasks or divulge information that may assist supply chain partners (Zaheer and Zaheer, 2006). Trust development throughout a supply chain will increase performance as the social network becomes denser providing personnel with complete and timely access to one another (McEvily *et al.*, 2003). The more critical the role of the relationship (e.g. critical import/export exchanges), the greater the need for trust due to high requirements for coordination (Wicks and Berman, 2004). As the marketplace comprises of people, interpersonal behaviors among them will develop trust over time (Gundlach and Cannon, 2010).

Trust is integral to the relationship marketing perspective as partners in an interorganizational context will have improved efficiency (Jeffries and Reed, 2000) and trust is considered an effective alternative form of governance (Puranam and Vanneste, 2009). Also, developed trust between global firms can be a substitute for formal contracts and highly specified contracts (Langefield-Smith and Smith, 2003). Supply chain management research has also suggested a strong correlation between the relational behavior of trust on financial performance of supply chain members.

The trust concept refers to expectations in regard to the partner’s future behavior as it has been developed over time so requires continuous communication (Carson *et al.*, 2003). Therefore, supply chain members will have to overcome cultural differences

through the development of informal and formal communication chains. Personal relationships among key individuals have played a crucial role in producing trust in Japanese industrial groups (Lincoln *et al.*, 1996) and in contractual relationships (Styles *et al.*, 2008). Beneath the formalities of contractual agreements, multiple formal interpersonal relationships emerge across organizational boundaries that facilitate the active exchange of information and the production of trust that foster inter-organizational cooperation (Zhang *et al.*, 2003). The supply chain manager will be critical in the development of trust through their interactions of interorganizational cooperation.

Researchers utilizing transaction cost economics suggests that there is no such thing as trust within economic activity “It [...] can be misleading to use the term ‘trust’ to describe commercial exchange for which cost-effective safeguards have been devised in support of more efficient exchange” (Williamson, 1993, p. 463). Collaborations such as strategic alliances and networks do not possess the control and coordination mechanisms governing hierarchies or markets, so participating firms are susceptible to threats associated with opportunism (Williamson, 1985). However global interorganizational supply chain researchers suggest that trust fosters willingness to cooperate and consequently reduces transaction costs as they engage in much less monitoring and enforcement (McEvily and Zaheer, 2006).

The increasing globalization of firms and the role of global corporations involve system trust, or that which is not tied to localized places (Hirst and Thompson, 1996). Thus, development of trust among partners that can be vastly culturally different is imperative and difficult. In conditions of market turbulence and uncertainty such as seen in global industries the function of trust becomes invaluable as power and the market become inept in economic cooperation. In essence, trust is valued and necessary where there is opportunity for exploitation in instances of imperfect governance devices, and will vary culturally making the role of the supply chain manager more difficult.

The cost of erecting and relying on governance mechanisms will be greater than that of creating and maintaining SFT (Barney and Hansen, 1994). SFT is when an exchange partner behaves in a trustworthy manner because not to do so would be to violate values standards, and principles of behavior. Therefore, development of SFT for global firms is of great importance as strong-form trustworthiness increases the set of exchange opportunities available (Ring and Van de Ven, 1994). Exchanges between strong-form trustworthy firms will not be burdened by the high cost of governance or any threat of opportunism, thus allowing these firms to pursue valuable and highly vulnerable exchanges such as in high technology and knowledge (Dyer and Chu, 2003). The presence of SFT enables a network to work closely and coordinate among the partners.

Researchers have collected evidence that inter-organizational learning is critical to competitive success and that a network may be a critical unit of analysis for understanding firm-level learning (McEvily and Marcus, 2005). Strong ties between network members are associated with the exchange of high quality information and tacit knowledge (Hatch and Dyer, 2004). Continued exchange of this knowledge and information is important as research has suggested that a seemingly discrete transaction within a network is actually embedded in a history of prior relationships and a broader network of relationships, and that this embeddedness enhances trust between firms mitigating moral hazards (Gulati, 1995; Gulati *et al.*, 2000).

Trust is considered the single most important variable influencing interpersonal or inter-group behavior (McConkie, 1979), and commitment represents the highest stage of

relationship bonding (Dwyer *et al.*, 1998) and both together reduce the perception of risk associated with opportunistic behavior between the parties. Commitment and trust are important because they encourage people to view potentially high-risk actions as being prudent because of the belief that their partners will not act opportunistically (Kotabe *et al.*, 2003).

SFT and culture in global channels of distribution

In today's global marketplace, MNCs have increasingly begun to rely on networks of relationships to established competitive postures in the global marketplace. As MNCs expand into emerging and transition markets, their success is in part determined by their ability to effectively establish and develop trust based relationships in the local market. These relationships are accentuated in the global channels of distribution and logistics needed to compete effectively in a number of foreign markets and be a part of MNC strategy (Bachmann, 2001; Dirks and Ferrin, 2004; Connelly *et al.*, 2012).

The dynamic nature of global competition has stimulated the need to increase the effectiveness as well as efficiently to meet the needs of various stakeholders external to the focal organization. Building on the theoretical concepts of SFT, firms will have relationships that deliver greater value in terms of global knowledge and efficiencies (Vlaar *et al.*, 2007). To gain insight into the trust dimension of interorganizational relationships one needs to first assess trust as a key element in interorganizational relationships (Inkpen and Currall, 2004) as a vast majority of trust must be built on competences both tangible as well as intangible (Lee, 2004; Searle and Ball, 2004; Woolthuis *et al.*, 2005).

Trust is the mutual confidence that no party in an exchange will exploit another's vulnerabilities' (Sabel, 1993, p. 1133). Trust has been defined as having two distinct parts: credibility (i.e. extent to which perception of required expertise of the other party to perform the job effectively) and benevolence (i.e. the perception of the intentions and motives of reacting to new conditions as they arise, or the qualities, intention, and characteristics attributed to the partner rather than on specific behaviors) (Vlaar *et al.*, 2007; Puranam and Vanneste, 2009). Trust is based on reputation to a degree and while reputation is an important specific form of incentive and governance, there are additional types of trust (Inkpen and Currall, 2004). The credible portion of trust may very well be the reputation of the global organization and over time trust may evolve into SFT.

MNCs have difficulty in the development of trust as it is a complicated process that is multidimensional and time driven by members in a global network relationship (Ullmann-Margalilt, 2004; Connelly *et al.*, 2012). Utilizing Hofstede's (1980) *Cultural Dimensions and Associated Societal Norms and Values*, and Clark's *Conceptual Domains and Related Cultural Taxonomies*, researchers have attempted to determine the impact of cultural norms and values (which establish appropriate behavioral standards and beliefs) on the basic trust-building processes (Doney *et al.*, 1998). In this spirit, we attempt to determine how: an increasingly diverse and multicultural workforce have heightened awareness of cultural differences and the impact on organizational performance, and that increased globalization has occurred in the business world during the last decade highlights the ways national culture impact the trust-building process in global relationships.

Culture diversity can interpreted as an obstacle in cross-national business relationships. For example, past research has shown that developed countries' joint

ventures tend to have an instability rate of around 30 percent with developing countries between 45 and 50 percent (Beamish, 1984; Reynolds, 1984; Fryxell *et al.*, 2002; Gulati and Nickerson, 2008). Although interorganizational trust can be based upon the diversity of the global channel/logistics network, the failure rate due to cultural diversity is a point to be taken into consideration when building networks for the long-run (Lee, 2004; Mesquita, 2007).

MNCs' key to success is often trust based and there will continue to be a growing need to understand how culture and trust interact (Doney *et al.*, 1998). However, a system of trust allows for the dis-embedding of social relations from local contexts of interactions, restructuring across indefinite spans of time-space (Uzzi, 1997). SFT becomes one of the key ways to maintain control and stability of global relationships (Inkpen and Currall, 2004).

Therefore, global interorganizational relationships have to overcome cultural differences through the development of informal and formal communication chains. Personal relationships among key individuals have played a crucial role in producing trust between MNCs in both channel and logistic relationships and in contractual relationships (Gulati *et al.*, 2000). Beneath the formalities of contractual agreements, multiple formal interpersonal relationships emerge across organizational boundaries that facilitate the active exchange of information and the production of trust that foster interorganizational cooperation thus putting a focus on the supply chain manager (Walker *et al.*, 1997; Gulati, 1995; Bachmann, 2001; Langefield-Smith and Smith, 2003).

A formal SFT model is presented in Figure 1. As one can see, the model of supply chain SFT takes into consideration the home country channel member's trustworthiness as compared to the host country channel members willingness to trust individuals from specific countries. This delineation of trust based upon country-of-origin has been researched extensively in the marketing literature as the liability of foreignness of products (see e.g. Calhoun, 2002; Dwyer *et al.*, 2003; Craig *et al.*, 2005; Harvey *et al.*, 2005; Usunier and Cestre, 2007). Therefore, the personal trustworthy characteristics as well as the social/cultural of the host country trustee play an important role in the development of SFT in global channel/logistics relationships.

To assess the willingness of one country member to accept another (e.g. trust) in a multicultural setting (e.g. a global channel) one must assess the importance of SFT to both individuals, the impact of not trusting (on an on-going relationship) as well as the probability of positive trust outcome (initially and on a longitudinal basis). This profile of trusting becomes the basis for risk taking relationship over time and will be an integral part of the supply chain manager's role. SFT provides the foundation for the development of trust as well as to modify trust relations over time.

Importance of marketing boundary spanners in supply chain: building social capital and SFT

A major source of information/market knowledge relevant to logistics networks is boundary spanners and marketing is assuming the key role (Hult, 2011). Boundary spanners link an organization to its environment by nature of their interactions with non-members (Thompson, 1967). Boundary spanning communication is important to MNCs as a source of new information and awareness of environmental changes (Weedman, 1992). Boundary spanning refers to the effective interaction between an organization and its external environment such as supply chain managers. This coordination assures an even flow of information between the two parties. Meaningful

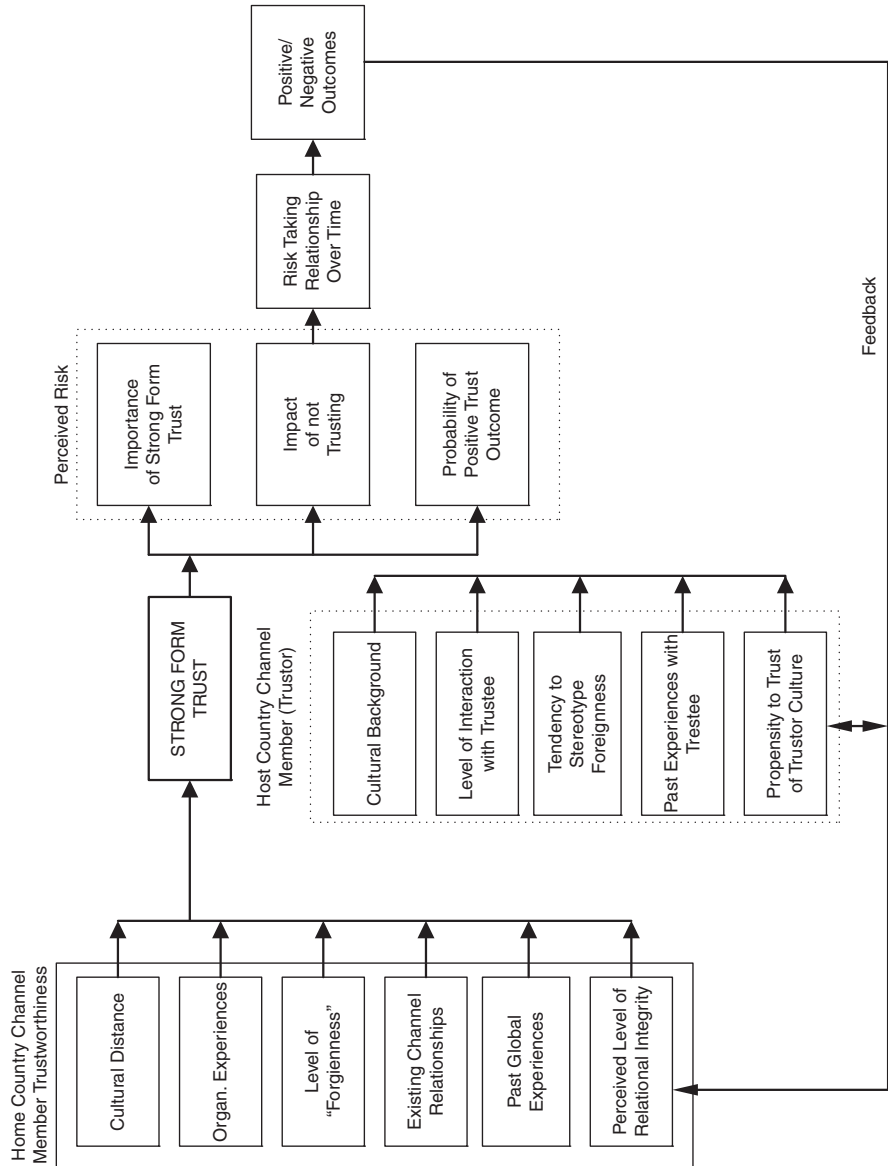


Figure 1.
Model of supply chain
strong-form trust in
cross-cultural contexts

communication between firms in a working partnership is a necessary antecedent to trust and in subsequent periods the accumulation of trust leads to better communication (Morgan and Hunt, 1994). This vital transference of information allows the parties to share strategic views on the external market environment, internally mutually decide a course of action, and then implement. When boundary spanning functions are effective the consumer/supplier become co-producers of the service or product thus providing increasing value and performance (Vargo and Lusch, 2004).

Dyer and Singh described knowledge sharing routines as a regular pattern of inter-firm interactions that permits the transfer, recombination, or creation of specialized knowledge. von Hippel (1988) argues that a production network with superior knowledge transfer mechanisms among users, suppliers, and manufacturers will be able to “out innovate” production networks with less effective knowledge sharing routines. Boundary spanning communication is important to MNCs as a source of new information and awareness of environmental changes (Weedman, 1992). These individuals have also created a network of formal and informal communication channels and relationships between the network of firms that assist in their duties. Marketing resources are only potentially valuable and without impetus and direction of actions from external forces these resources may not be exercised (Ketchen *et al.*, 2007).

For example, the evolution of logistics boundary spanners such as supply chain managers has changed over the years with a current focus on customer and external knowledge acquisition (see Table I).

The kind of knowledge that channel partners seek to exchange is that of a tacit nature and is difficult to codify (Kogut and Zander, 1993) but are value creating (Esper *et al.*, 2010). People who work together accumulate a shared set of information and know-how, and this proximity enables them to understand who possesses what type of expertise (Richey *et al.*, 2010). Consequently this enhances the quality of communication and cooperation and enables superior performance on innovation projects (von Hippel, 1988). Thus, the boundary spanner such as the supply chain manager, due to his peripheral location and direct contact to the associated firm will transfer the tacit knowledge that is required to assist in identifying those individuals that are the “decision makers” or “stumbling blocks” of the implementation of innovation.

Cooper and Ellram (1993) has noted that, as companies strive to bridge the barriers between functional areas, information critical to the product’s formation and function can get withheld, misunderstood, or lost which is ever compounded when occurring inter-organizationally. Sometimes participants may even withhold information because of a lack of trust. These communication difficulties must be resolved for successful logistic relationships. Good communication has long been viewed as a critical element of new product development success (Cooper and Ellram, 1993) as well as successful strategic alliance logistics (Bowesox and Closs, 1996).

The importance of the supply chain manager’s role

Global supply chain managers will be faced with a multitude of economic and cultural contexts particularly in emerging markets and therefore, and must develop a means to develop/maintain SFT that is in concert with local environments and cross-cultural personal relationships. Global supply chain managers must contextualize their management style and strategies to develop SFT by: first, developing an external focus on local social and economic conditions and their impact on the formation of trust in global relationships; second, developing a management style that is attuned to the

Table I.
Evolution of logistic
boundary spanners:
some examples

	Basic duties	Evolutionary changes	21st century additional requirements
Warehouse supervisor	<p>Understand and apply warehouse and inventory control procedures</p> <p>Coordinate flow of goods through receiving, storage, order posting and shipping</p> <p>Apply knowledge of supplies and customer procedures to improve warehouse operations</p> <p>Operate vehicle</p> <p>Maintain an understanding of delivery conditions and operating characteristics</p>	<p>Bar coding</p> <p>More frequent shipments</p> <p>Paperwork mostly eliminated</p> <p>Closer ties to front and back of logistic chain</p>	<p>Computer Skills</p> <p>Simultaneous shipment tracking</p> <p>Coordinate with motor carriers for efficient delivery/shipment</p> <p>Communicate regularly with purchasing manager for fluctuations</p> <p>Maintain relationship with motor carriers</p>
Motor carrier operator	<p>Translate production manager's vision into action</p> <p>No bottlenecks</p> <p>Data integrity</p>	<p>On-board electronic tracker</p> <p>Competition on rates</p> <p>Flexibility in mid-transport</p> <p>Direct computer linkage to HQ</p>	<p>Computer skills</p> <p>Use communication technology and interpersonal skills to understand, disseminate and meet/exceed customer needs</p> <p>Identify "hidden" customer requirements</p> <p>Interact with customer and identify market information</p>
Inventory supervisor	<p>Translate production manager's vision into action</p> <p>No bottlenecks</p> <p>Data integrity</p>	<p>Barcode</p> <p>Electronic inventory</p> <p>Spartan inventory</p> <p>Collective planning</p> <p>Daily ordering/shipping</p>	<p>Computer skills</p> <p>Faster movement of inventory</p> <p>Greater coordination/relationship with motor carrier</p> <p>Higher coordination with manufacturing and purchasing</p> <p>High awareness of stock availability</p>
Purchasing manager	<p>Plan and implement manufacturing requirements</p> <p>Evaluate suppliers quality of goods</p> <p>Purchase like-type supplies at the lowest delivered cost</p> <p>Coordinate with warehouse goods shipments</p>	<p>Move office directly into major supplier's facility</p> <p>Greater inventory turnover</p> <p>Fewer suppliers</p> <p>Reaction time short</p>	<p>Direct insertion into major supplier's facility requires interpersonal skills</p> <p>Daily relationship building/maintenance</p> <p>Identify complementary strengths/weaknesses of supplier</p> <p>Communicate market-knowledge to HQ</p> <p>Interact with marketing for new product launch, production, etc.</p>

Source: Adopted from council of logistics management

organizational environment in the context of the foreign country particularly in cultural distant/novel countries (e.g. emerging economies); third, developing a means to obtain tacit knowledge from local counterparts in the country through effective social networking; fourth, developing a means to effectively assimilate into local cultures and to use their diversity to compete effectively in the host country; fifth, developing a keen understanding of the dynamics associated various local constituents; and sixth, a high level of local social knowledge of the ways to effectively build trust in foreign channel relationships.

“Future global strategic success may rest more on informal (e.g. intangible assets) and less on the tangible social networks of the past, the ‘mind matrix,’ which involves the globalization of control by cadres of socialized managers, to replace the rigidity and expense of external structural control” (p. 3). These “soft” skills, derived from the context-specific social knowledge, are critical and become key determinants of building SFT with global supply chain members in emerging economies.

A complement to tangible elements of staffing global supply chain manager positions are intangible dimensions. Intangible aspects are equal in criticality to the supply chain management process. These intangible global staffing strategies include corporate culture, learning capability, proactive innovativeness, and cognitive flexibility of the employees. These, in turn, contribute to the four mechanisms for integrating specialized knowledge: rules and directives, sequencing, routines, and group problem solving and decision making.

Other studies supporting the “soft” skill approach (i.e. skills not directly tied to technical training and functional expertise but considered essential to building SFT in global networks) have extended the number of categories to include: global awareness, corporate strategy, cultural empathy, cross-cultural team building, global negotiation skills, ethical understanding of conducting business in foreign countries, and self-confidence. Many practitioners feel that these additional screening devices augment the more traditional personality characteristics-based selection tools used in the domestic marketplace. But most recently, strategic global human resource management (GSHRM) managers have begun to develop a more systematic approach to the entire human GSHRM process built on the foundation of SFT development.

Summary/conclusion

As globalization continues and firms expand into more countries, the focus on logistics and supply chain management will continue to become of more importance to the success of companies. The evolution of the newly emerging markets into the global marketplace necessitates MNCs to reorient their supply chains into global network configurations. Not only is logistics strategically important for the movement of goods and services globally, but now is a focal point for the learning organization and a source of competitive advantage of scanning the external environment in regard to both competitors and customers. This global knowledge obtained from direct interactions with supply chain members can provide innovations to products, provide previously unknown services, tailor products to local markets, curtail competitor advances, etc. and logistics personnel have the unique position to facilitate this knowledge accumulation and dissemination.

Supply chain management is the coordination of interdependent supply chain partners’ flows of raw materials and goods that are co-producing for value with a long-term strategic view. Researchers are now focussing on the relationship among the

supply chain network through the paradigm of relational marketing as the governance structures of contractual arrangements globally cannot be anticipated. For long-term evolving supply chain relationships to be successful, especially in developing and emerging markets, trust development will need to occur.

Research into mutual trust among supply chain members suggest that it is integral in an interorganizational context as trust improves efficiency and is an effective alternative form of governance. Research suggests that successful supply chain cooperation may not occur independently of trust. Trust development throughout a supply chain will increase performance as the social network becomes denser providing personnel with complete and timely access to one another. Mutual SFT fosters willingness to cooperate, and it leads to less monitoring and enforcement reducing transaction costs. However, much of the trust literature recognizes the role of the individual and their development of trusting relationships, thus the focus turns to the boundary spanner, or the logistics individuals who are in direct contact interorganizational among the supply chain members.

MNCs need to reexamine the requirements used in the selection of supply chain managers as their role has evolved from a technician to a boundary spanning role. The new global requirements will require these individuals to develop networks of trusting relationships as forms of governance, but more important as sources of knowledge. The evolving role of the supply chain management is to build critical linkages from the focal firm with other supply chain members while simultaneously managing the internal functional and cross-functional relationships between the headquarters and subsidiary operations of the global organization.

Human resource managers must be aware of the new requirements for the selection of, training and performance appraisals of global supply chain managers to increase probability of firm success in the global market place. The competence repertoire of global supply chain managers now will play a crucial role in the effective development and implementation of strong-form of trust. Due to cultural nuances, trust development within the network of global interorganizational partners will be difficult and training for this purpose will need to be provided.

Ongoing relationships and communication within the network will develop the trust further, as trust grows with repeated use. Trustworthiness requires on-going communication to ensure effective network functioning. This communication of trustworthiness underlies trust building which is an interactive process that affects, monitors, and guides members action and attitudes in their interaction with one another. Therefore a global firm must ensure the continued communication for development of trust and the parties in the exchange must avoid opportunistic behavior for strong-form trustworthiness to be successful.

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