

Emerging issues & challenges (e.g. Cross-cultural barriers) in Managing Global Supply Chains

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Agenda for Today

- Introduction
- Global trends in Supply Chain
- Managing Global Risks
- Cultural Barriers
- Overcoming challenges
- Concluding Remarks

Introduction

- **Supply chain**

- The coordinated flow of materials, information, money, and services from raw material suppliers, through factories and warehouses, to the end customers

- **Supply chain management**

- Plan, organize, and optimise the various activities performed along the supply chain in order to maintain partnerships and processes, providing an operational advantage

Global trends in Supply Chain

- **More and More Global businesses or Globalisation due to**
 - Global market forces
 - Technological forces
 - Global cost forces
 - Political and economic forces
 - Well trained global workforce

Cultural Barriers to Global Supply Chains

- Language
- Beliefs
- Customs

All of the above play a big role in global business and strongly affect negotiation and communication

Why Cultural Barriers affect Global Business

From the standpoint of global management, culture is perhaps best thought of as addressing three questions:

- Who are we?
- How do we live?
- And how do we approach work?

These three questions focus attention on individuals, environments, and work norms and values, and the answers to these questions allow us to draw some inferential conclusions about work and society and how managers in general should behave as they work across cultures.

Summary of Top Risks along the line of Global Supply Chains

CULTURAL	VIRTUAL
<ul style="list-style-type: none"> ▪ Number of Languages 	<ul style="list-style-type: none"> • Information and Communication Technologies (ICTs)
<ul style="list-style-type: none"> ▪ Trust Level 	<ul style="list-style-type: none"> • Number of countries
<ul style="list-style-type: none"> ▪ Economic Culture 	<ul style="list-style-type: none"> • Management Experience
<ul style="list-style-type: none"> ▪ Number of Religions 	<ul style="list-style-type: none"> • Number of time Zones
POLITICAL	REGIONAL
<ul style="list-style-type: none"> • Government desire for Global Business 	<ul style="list-style-type: none"> • Crime rate
<ul style="list-style-type: none"> • Government instability 	<ul style="list-style-type: none"> • Climate/weather
<ul style="list-style-type: none"> • Laws and regulations 	<ul style="list-style-type: none"> • Housing availability
<ul style="list-style-type: none"> • Relationship with Government 	<ul style="list-style-type: none"> • Safety issues and procedures

Risk sources and their characteristics

- Natural disasters
- Geopolitical risks
- Epidemics
- Terrorist attacks
- Volatile fuel price
- Currency fluctuations
- Port delays
- Market Changes
- Supplier's Performance
- Forecasting accuracy
- Execution problems

Managing Global Risks

Three ways a global supply chain can be employed to address global risks:

- ✓ Speculative Strategies
- ✓ Hedge Strategies
- ✓ Flexible Strategies
- ✓ Invest in redundancy
- ✓ Increase velocity in sensing and responding
- ✓ Create an adaptive supply chain community

Cultural Differences

As economic borders come down, cultural barriers will most likely go up and present new challenges and opportunities for business

Robert J. House
Wharton School
University of Pennsylvania, USA

*We do not see things as they are;
we see things as we are.*

Talmud Bavli
Ancient book of wisdom, Babylonia

How to Overcome Global Supply Chains Challenges?

- Clear Understanding of Cultural sensitivity
- Addressing cultural issues with mutual respects
- Dealing with Unknown-Unknown
- **Good Risk Management Strategy**

Concluding Remarks

- Deep involvement in Global Supply Chain Issues,
- Work as a reliable partner,
- Establish good risk mitigation strategies while dealing with each international partner country,
- Companies should treat themselves as global citizens with universal products which are now a reality and hire talented employees worldwide,
- Establish global relationship on trust.

Q & A

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Have a G'Day

