

The Influence of Supply Chain Integration on the Intrapreneurship in Supply Chain Management (SCM)

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Abstract

These days, SMEs pay a lot of attention to concept of Supply Chain Management (SCM) in order to achieve competitiveness. The logic behind such act is integrating the activities of value creation within any kind of organizational context. Such integrity would collaborate with managers to accomplish the competitive edge that they are aiming to achieve. The goal of current research is to identify scopes of a unique construct which is known as Entrepreneurial Supply Chain Management competency. Therefore, the notions of SCM and entrepreneurship are being aligned together for evaluating the organizational performance. The outcomes demonstrate that SCM in fact is a critical issue that can alter the organizational performance, thus, through consideration of SCM, we should focus on supply chain integration and its impacts on intrapreneurship and innovation of an organization. In order to be successful in such competitive context, SMEs need to provide novel competences which are not imitable and to increase their application in supply chain and also to improve their total performance.

Key Words: *Supply Chain Integration, Intrapreneurship, Supply Chain Management (SCM), Performance.*

I. Introduction

In such a competitive context, globally, a lot of organizations resort SCM, supply chain management, as one of the critical strategic competencies to achieve an appropriate competitive edge. The idea behind the SCM emphasizes the perfect integration of activities of value creation within organizational context to provide services and products to market. Even though, SCM is available in various forms, based on integration level, industries or individual performance, its main goal in fact is to generate a boundary-spanning and inter-organizational strategy which makes both suppliers and purchasers able to integrate their activities together in order to avoid waste.

As noted by Hsu, et al., (2009), although there are many progressive impacts of SCM on organizational performance, studies revealed that firms that collaborate in supply chain in the similar market segment, can significantly experience different levels of performance. In fact, the performance level is a functionality of many different factors. However, there have been few studies in this scope so far; a lot of investigations concentrate on role of those tangible resources which an organization can use to become successful in supply chain management (Hafeez et al. 2010) and a few researches focused on intangible resources (William, 2006). In addition, even though the investigations on entrepreneurship remarkably have been grown during past years, the existed inquiries on relationship between entrepreneurship

and operation management are almost scarce. Therefore, the main question would be about intangible resources which can be used in organizations to successfully participate in supply chain process.

The current study attempts to contribute to entrepreneurship and SCM literature through identifying such gaps. In this regard, the role of particular entrepreneurial SCM competence would be measured, described as inimitable capacity of SCM for understanding and finding those business opportunities which are dangerous for growth and success. So, through emphasizing on SMEs limitations and also their competences that were achieved by their entrepreneurial method, we can evaluate their performance.

II. Review of the Related Literature

Large organizations and SMEs are in nature different from each other. This difference is because of various features and also a gapping viewpoint in such field. It can be said that intangible and tangible resources of SMEs are different from each other. For example, SMEs might fail more if they only rely on tangible resources, and large organizations own such competitive advantage that can lead a market appropriately. Thus, SMEs need to use their intangible resources in order to compete in the market. These resources have internal competences to servicing or manufacturing organizations, which is expertise in firm, etc. Moreover, large organizations and SMEs have

different management stories of supply chain. But, we should consider that even though stories are different from each other, still, competitive advantage remains as a critical part of their strategies for survival (Bayraktar et al., 2010).

2.1 Supply Chain Integration

Integration of supply chain is an exact coordination and alignment in a supply chain, usually with using the MIS, Shared Management Information Systems. A supply chain is developed by all of the involved groups within a fulfilling purchase, such as product manufacturing, raw materials, supporting services and transportation of finalized items as well as supporting systems.

As noted by Chen and Ma (2006), the integration of supply chain in fact, is a new type of organizational model, which considers supply chain dynamic alliances as its subject in order to understand resource integration globally, through operation of interactive collaboration in supply chain. In opposite to vertical integration, this type of integration emphasizes on an exact relationship between organizations in order to improve total

competitiveness of supply chain through setting up and keeping a long-run strategic partnership according to business reengineering, function and information integration, cultural adaptation, organization integration and strategic resource organization.

We provide a theoretical framework for integration of supply chain in order to unify the supply chain appropriately, based on comprehensive hierarchical planning framework developed by Thorn. According to this framework, the critical key methods could be categorized as three echelons referred to the principles of entity goals to relative goals and from basic abilities to advanced abilities which are as: basic operation management, planning and controlling and strategic management.

Figure 1 demonstrates this framework and the main factors in each level regarding supply chain integration. On base of core competencies are all well integrated with supporting capabilities, the central organization is able to coordinate four types of flows including service/product flow, information flow, knowledge flow and fund flow in order to generate value.

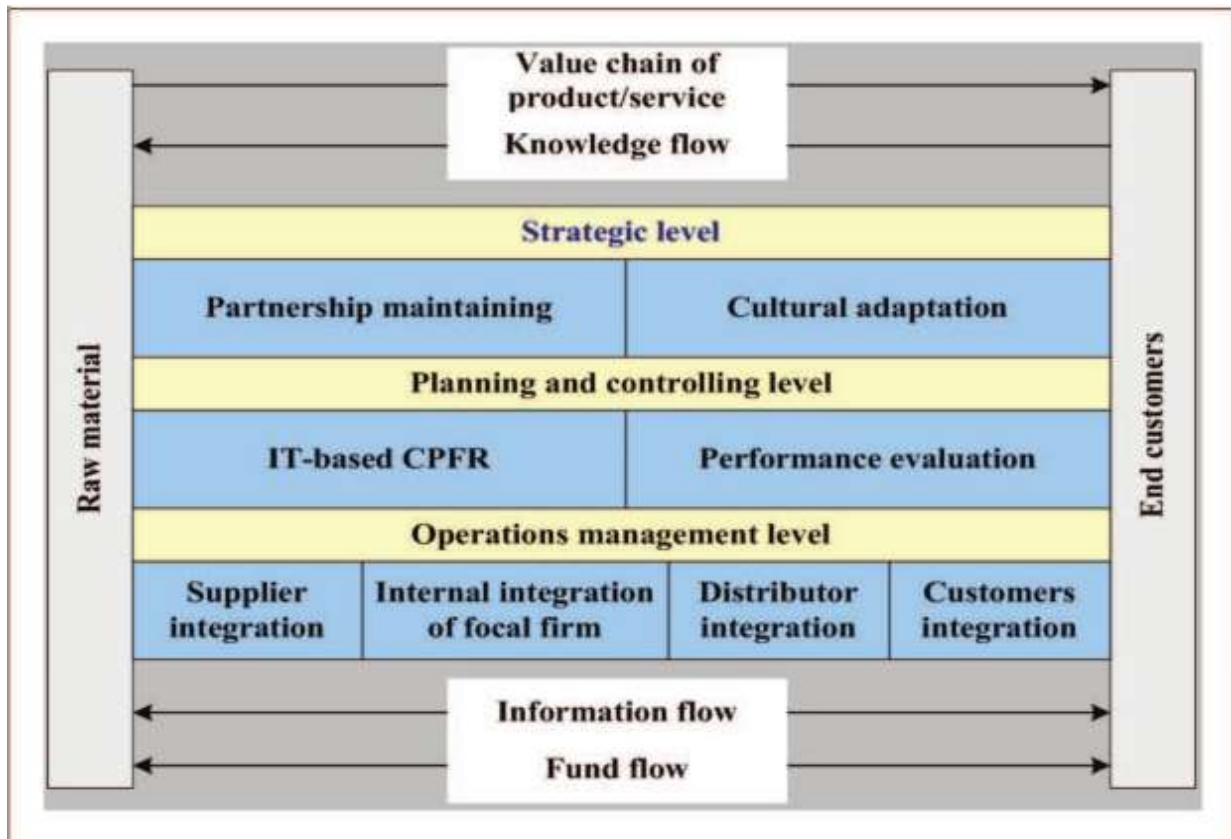


Fig. 1. The three-echelon theoretical framework for supply chain integration

Those supply chains which are integrated can be beneficial for main participants in supply chain such as manufacturers, suppliers, distributors as well as customers. These benefits are improved

loyalty between partners, less inventory, better on-time delivery and more flexibility to handle any disruption. Improved loyalty and customer satisfaction is the result of having an efficient and

integrated supply chain due to the end user experiences a better on-time delivery. To sum up, the benefits of integrated supply chain are as below:

1. Faster processing as well as eliminating in orders mistakes, order invoices and confirmations
2. Saving the costs of administration because of elimination of bureaucratic processes
3. The supply chain integration provides an appropriate relationship with both suppliers and also customers
4. Effective management of complicated processes, short order horizons and more alterations
5. Sharing mutual information with supply chain partners in such a structured and effective way

2.2 Supply Chain Management

Almost a half century ago, in 1958, the notion of supply chain management (SCM) has been introduced by Jay Forrester. He explained that there exists a corroboration and correlation between organizational relationship and distribution management (Mentzer et al., 2001). The definition of supply chain management, in its simplest way, is about movement of products and services from providers to customers or end users. The SCM in fact is a supply chain in form of a unified group of many separated pieces which are performing within

their appointed functions (Mentzer et al., 2001). So, supply chain is the designing of organizational networks which produce unison, as downstream and upstream both, among providers and customers (Stadtler and Kilger, 2005).

The supply chain can form the management philosophy object, objectives, target group and also tools of reaching these objectives (Stadtler and Kilger, 2005). A well-developed supply chain suggests coordination and integration strategies which have many advantages for stakeholders. The supply chain management significance pertains to micro-companies and multinational organizations both (Zhang and Wu, 2013). The SCM provides support for large and small organizations, regarding their management, cost reduction, corporate social responsibility, market sensitivity and also information sharing (Zhang and Wu, 2013). Moreover, SCM is helpful in success of all of the modern enterprises which look for competitive advantages within market context.

In addition, supply chain management is used by firms globally due to it can lead to many positive results for instance improved financial performance, reduction of time delivery, more customer satisfaction and building trust between suppliers. As noted by D'Amours, Ronnqvist and Weintraub (2008), organizations employ supply chain practices in order to improve their organizational performance. Therefore, according to Figure 2, we can recognize how their supply chains are working. It illustrates a general supply chain in industry of forest products.

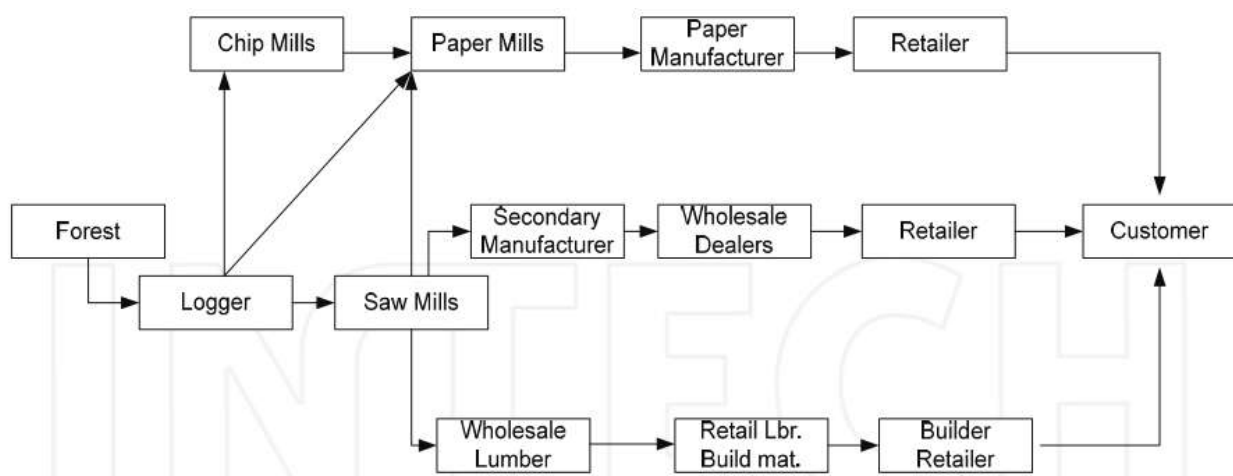


Fig. 2. Forest and wood products supply chain (Campbell and Kazan, 2008)

There are many different variables and also sub-variables which impact supply chain management including:

1) *Environmental Uncertainty*: This is about environmental subjects in product chain (Dwivedi and Butcher, 2009). In addition, Ettlie and Reza (1992), explained this as many unexpected changes

of suppliers, customers, technology and competitors. Also Yusuf (1995) asserted that support by the government have a key role in order to achieve business success. Under this variable, there are three sub-variables as: government support, environment and overseas uncertainty aspects.

2) *Government Support*: It is the amount of support which is received by the organization from government while it is importing raw products or material from other countries or employing domestic materials. It contains use of norms, policies, regulations and also advice for sector.

3) *Uncertainty aspects from overseas*: When there is a need for outsourcing raw products or materials, it is necessary to consider the surrounding environmental variables for example political uncertainties overseas which might increase risks for the suppliers, stimulate no investment decisions, modify business strategies and also generally impact business decision makings. Social uncertainties for instance environment, religion, cultural issues, language, communication limitations (Bhattacharyya et al., 2010) as well as the employed technology in other countries can interfere with function and planning of supply chain (Bizard, 2007).

2.3 Entrepreneurship

Entrepreneurship means an opportunity recognition process and pursuits which result in growth, for instance, opportunistic activities which generate more value and to handle risks; which show it has a significant relationship with innovation (Sexton et al., 1991).

Similarly, the well-developed corporate entrepreneurship concept means establishing new business opportunities and ideas in organizations (Miller, 1983). Such broad definition at least covers four schools of thought and each of them have their own objectives and assumptions including intrapreneurship, corporate venturing, entrepreneurial transformation and providing market inside.

2.4 Intrapreneurship

Intrapreneurship evaluates the subversive methods which are adopted by the corporate entrepreneurs and also those actions that are taken by executives to make their lives harder or easier. In addition, it focuses on styles and personalities of those individuals who can become good entrepreneurs in future (Birkinshaw, 1997).

2.5 Role of Supply Management in Supply Chain Integration

The most significant role of supply management in an integrated supply chain is improving the supply base value contribution, attempting to make sure that organizations can achieve profit, market share, return on investment and also volume level targets. In order to increase value contribution, suppliers can engage in processes of new services or products development, fulfillment of customer order and also post-sale services.

Supply Chain Strategies	Leader	Major Participant	Information Provider/ Facilitator
Strategic Vision	Develops vision of strategic supplier roles and how suppliers will add value	Creates overall supply chain strategy	Global supply network capability and capacity
Insourcing/Outsourcing		Key role in insourcing/outsourcing decisions Hands responsibility and development to suppliers	Develops detailed supplier capability information
Segmentation and Architecture	Establishes worldwide supplier footprint	Develops supplier capabilities to meet segmented customer needs locally, regionally and worldwide	Provides logistical cost information
Product/Service Design	Worldwide scouting for new innovative suppliers	Engages suppliers early in new product/service design Works with technical community to establish supplier capability to innovate, develop and launch new products/services Product complexity reduction	Provides complete supplier capability assessments Balances cost vs. innovation focus
Supply Chain Processes	Leader	Major Participant	Information Provider/ Facilitator
Supply-Facing Process	Establishes a global supply base Develops and implements global sourcing strategies and processes Supplier performance measurement and development	Cross-functional team participation in developing overall supply chain strategy	Complete surveillance of cost, availability, quality and possible industry innovations
Customer-Facing Process		Engages key strategic suppliers with customers when appropriate	Provides information about supply constraints, and current and future purchase price trends
Sales and Operations Planning Process		Major participant in providing information and achieving supply/demand balance	Information about supplier capability to respond to supply and demand changes, and influence supplier allocations

Table 1. Supply's contribution to supply chain strategies and processes

III. Methodology

Methodology of a research in science is developed based on two specific categories. First is "aim" and second is "data collection". According to aim perspective, current article is considered as an applied research due to it explains the existed issues. According to data collection perspective, the nature of this paper is descriptive because it can elaborate variables and problems of the study with making no changes in them. Lastly, this article is considered as an analytical sort.

IV. Results

The results of this study mention the critical role of entrepreneurial SCM competence that employs SCM strategies to define the performance and show that SCM strategies have to be considered as tools to obtain better performance. These results

provide support for the idea that SCM strategies can fill the gap between better organizational performance and SCM competence. The relationships between SCM strategies and entrepreneurial SCM competence, and SCM strategies with performance, significantly demonstrate that entrepreneurial competence cannot have any direct impact on performance.

V. Discussion and Conclusion

Achieving and preserving sustainable competitive advantage, in fact, is a function of organizational resources that are brought in competition and such resources are the main sources of organizational success (Barney, 1995). Many studies attempted to analyze the relationship between better than normal performance and resources, initiating from the idea that heterogeneity

of resources results in performance level and variable competence (Prahalad and Hamel, 1990). Those organizations which have inimitable, valuable and also not substitutable resources usually are successful in market context. Therefore, durable and competence performance difference could be considered for through endowment of asymmetric resources within organizations which have various competencies (Amit and Schoemaker, 1993). Those organizations which have entrepreneurial efficiencies can benefit from monopolistic notion in order to generate resource position obstacles (Wernerfelt, 1984). Also the positive impact of entrepreneurship on organizational market performance has been examined empirically (Sarkar et al., 2001). Since product life cycles are rapidly becoming shrink in modern environment of supply chain, so organizations should rely on appropriate technology to provide products with high quality to market in such an efficient and quick way compared to their competitors. To recap such ideas, it should be mentioned that entrepreneurial supply chain management competence as revealed by risk-taking features, innovation orientation, relational capital skills, proactiveness orientation and also coordination capability, has positive impacts on developing the SMEs total performance.

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