ABSTRACT

The current global market forces compel most companies to create an international supply chain. Most of these companies have examined the problems and issues that they encounter during the implementation of this international supply chain. These problems are related to the attitude and culture of people around the world or rooted in the nature of the supply chain. Thus, this study compares the implementation of supply chain management (SCM) in two different countries with different cultures and attitudes. This study highlights the similarities of the problems and benefits of SCM implementation in the two countries. This study identifies the characteristics that are not related to attitude and culture and are rooted in the nature of SCM. A questionnaire was designed and distributed to 600 automotive companies in Malaysia and Iran. Several interviews were conducted to find solutions to the problems. Limited information and the lack of expert employees were identified as the most serious problems, whereas the improvement of warehouse management was identified as an important benefit of SCM implementation. Benchmarking and training courses were the important solutions to these problems. These results reveal that most issues in SCM implementation are rooted in its nature.

Keywords: Beneficial Effects, Problems and Solutions, SCM Implementation Issues, Supply Chain Implementation, Two Different Countries

INTRODUCTION

Supply chain management (SCM) emerged in the mid-1980s. SCM was widely employed by scholars and practitioners since its implementation despite its developing process. Jüttner et al. (2003) emphasised the vulnerability of SCM implementation despite its increasing use among organizations. SCM is a cooperative effort, which involves members in the implementation, design, and management of value-added processes to satisfy customers (Syntetos and Boylan, 2011). Products with shorter life cycles, intense competition among enterprises, and
increasing customer expectations in the current global market forced organizations to invest more in their supply chains (Wu and Barnes, 2011; Sahay et al., 2011).

Companies consistently innovate their business models to meet customer demands better than their competitors. Managers move more proactively beyond the boundaries of their organizations to discover how they can obtain more value from the resources they receive from suppliers and customers. Thus, managers should understand the potential benefits of SCM at the first stage of implementation to work hard in implementing it as a total solution (Gupta et al., 2012). However, problems continue to exist, which hinder the successful adoption of SCM. This study contributes to the existing body of knowledge by identifying the problems and benefits in SCM implementation that are rooted in its nature. This study provides insightful countermeasures for the identified problems because overcoming the problematic issues is as important as their identification. The review of related literature shows the various studies conducted in different countries that concentrate on SCM issues. However, each study mainly focuses on a single country. Thus, the results involve domestic issues such as culture and behaviour. A gap was observed in existing literature, which fails to examine the issues related to SCM in the international setting. Thus, this research examines the issues related to SCM through a comparison between two countries. This approach provides a broader perspective of SCM implementation that is not dependent on domestic issues.

Culture is the pattern or model of human lifestyle such as “day-to-day living patterns” (Damen, 1987). Culture is “a system of shared values and assumptions” (Lucas and Ogilvie, 2006). All aspects of human communication and statements are influenced by these patterns and models. The culture of a society is the consequence of long-lasting communications about “values,” “meanings,” “proprieties” across the members of that society and its environment. Members of a society have the same idea of the words around them. These values do not only create policies for normal problem solving, but also provide solutions for approaching unique situations (Graham and Nafukho, 2007). Hofstede (2001) introduced a cultural model composed of four cultural dimensions, namely, power distance, uncertainty avoidance, individualism, and masculinity. Power distance explains the extent to which the less powerful members of organizations expect and accept power to be unequally distributed. Uncertainty avoidance describes the extent people tolerate uncertainty and ambiguity. Individualism is the extent people are integrated into groups (Moulettes, 2007). These definitions indicate that culture significantly influences the implementation of new systems in a company. Thus, this study measures the extent that the culture of workers affects the implementation of SCM.

This study identified the SCM issues by conducting a literature review and conducting a questionnaire survey among automotive companies in Iran and Malaysia. This study is divided into three sections: A) Focusing on the key problems faced by organizations when implementing SCM and recognizing the important benefits of SCM implementation through a review of selected SCM literature; B) Identifying the problems and benefits of SCM implementation among automotive organizations in Malaysia and Iran through a survey; C) Recognizing the methods of reducing the identified problems by interviewing SCM professionals. The final section identifies key issues that merit special attention in the future.

LITERATURE REVIEW

According to Fawcett et al. (2006), organizations might be negatively affected by issues of globalization, technological change, and customer demand because of the increased competition among companies in the current global market (Syntetos et al., 2010; Xiao and Shi, 2012). Therefore, organizations are exploring all sorts of alignment mechanisms and organizational forms to avoid these negative effects. Salah et al. (2010) suggested that
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