

EFFECT OF MULTI-CULTURES ON SUPPLY CHAIN MANAGEMENT

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ABSTRACT

Cultures play a very important role in our belief, mental conditioning, ethical conclusion, and decision-making process. Understanding the cultural aspects of each and every department in a supply chain is very important. Information flow is the lifeline of a supply chain. Although the information flow between the departments is guided by the technology, understanding or interpreting the information and negotiations plays a vital role. This is an era of global logistics and supply chains. The success of managing the supply chain is dependent on the collaboration of all its partners and relationships they maintain. In order to achieve efficiency and effectiveness in operations, understanding other cultures and collaboration between them is not only important but essential. In this paper, we study the effect of cultural diversity on supply chains. Researchers and global corporations, especially multinational corporations, will benefit from this research.

INTRODUCTION

Cultures play a very important role in our belief, mental conditioning, ethical conclusion, and decision-making process. For example, Greek cultures and beliefs differ from that of Indian. So there is a cultural incompatibility and consequently, collaboration between an Indian and Greek may be difficult. Commlabindia surveyed ninety-four stakeholders from around thirty countries and revealed that understanding other cultures was the key to developing relationships. Now in a supply chain, there may be different departments working in different countries and all branches might be interdependent. The success of managing the supply chain is dependent on the collaboration of all its partners and relationships they maintain. When the culture is not compatible, collaboration among the supply chain partners become a tedious process. Let us see another example: In Japan personal relationships matter the most. If a foreigner turns down any casual invitation of his Japanese supply chain partner, the deal fails.

“Every age, every culture, every custom and tradition has its own character, its own weakness and its own strength, its beauties and cruelties; it accepts certain sufferings as matters of course, puts up patiently with certain evils. Human life is reduced to real suffering, to hell, only when two ages, two cultures and religions overlap”. - **Herman Hess**

Understanding the cultural aspects of each and every department in the supply chain is very important. Information flow is the lifeline of a supply chain. Although the information flow between the departments is guided by the technology, understanding or interpreting the information and negotiations plays a vital role. Therefore, culture sensitivity training of employees is very important. Employees can be sensitized with formal or informal training methods.

This is an era of global logistics and supply chains. Corporations from several countries are exploring oil and gas at the Caspian Sea or its surrounding regions. And hundreds of other companies of small and medium size are supporting their operations. They purchase their equipment, machinery, and supplies globally and their employees are of many nationalities and cultures. In order to achieve efficiency and effectiveness in their operations, understanding other cultures and collaboration between them is not only important but essential.

In this paper, we study the effect of cultural diversity on supply chains. Researchers and global corporations, especially multinational corporations, will benefit from this research.