Global Marketing: Importance of Human Resource and Supply Chain Risk Management to Build a Successful Company from Global Marketing Perspective

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Abstract- Global markets are expanding rapidly. The term global marketing has been in use only since the 1980s. Before that decade, international marketing was the term used most often to describe marketing activities outside one’s domestic market. Global marketing is not just a new label for an old phenomenon; however, it also provides a new vision for international marketing. This paper mainly examines the organization’s internal management to coordinate their work and achieve certain goals or targets. This paper not only illustrates the challenges of developing and upholding strong trust in global human resource management from global marketing perspectives, but also the challenges that highlight how global marketers manage their global supply chain risk management. While global marketers comprises of members across different locations, cultures, and time, the highlighted challenges are overcome via two communication behaviours, such as cross-cultural communication and computer-mediated, which study describes the communication behaviours that might boost trust in global human resource management which may lead company to success. In today’s increasingly complex environment, risk adjusted supply chain management also focused in this research which can drive into improved financial performance and competitive advantage.

Keywords- Global Marketing ; Global human resource management ; Global supply chain risk management.

1. INTRODUCTION

Good internal management has been a prerequisite for a competitive organization in a global economy, which in turn forces many changes on the typical company. Firms have to defend their own domestic markets and compete in global markets to sustain competitive advantage based in other countries. Managers around the globe are highlighting the increase necessity for their organizations to emphasis the internal management to compete effectively in international markets. According to Doole and Lowe (2008), the emergence of a widely world economy and the unabated expansion of Internet access globally increasing the interdependency and interconnections of nation economies across the globe. The need for managers to perform better management respond to these pressures affects companies of all sizes. Globalization defined as “the concrete structuration of the world as a whole” (Mooij, 2014, p.6). Over the years, international companies alike have become concern that opportunities for economies of scale and improve competitiveness are greater if firms manage to integrate and create marketing strategies on a global scale. The management challenges are to design marketing strategies that work well across international markets, while remaining alert to the possible adaptations that may be advisable on a market-to-market basis (Gillespie and Hennessey, 2011). Managers with a global perspective will be required to use ideas and experiences from a number of other countries so that the best products can be marketed the most efficiently and effectively (Gillespie and Hennessey, 2011, p.12). Managers with a global mindset will need to deal with a better management in the global marketing perspective in terms of human resources and supply chain risk management to compete successfully in today’s global marketplace. According to Sang and Kun (2011), Global marketing strategy influences a firm's strategic performance positively. Experienced international firms are more likely to identify strategic markets to enter, respond to changing global market environment, and take advantage of the different comparative advantages of various countries. Carley, 1992; Carley & Svoboda, as cited in Ahuja & Carley, international firm must also designed their team structure, work processes, and information technologies in order to exchange, distribute and process the information, which is required for their functions. This research examined the presence of “swift” trust and cross cultural communication that rely to develop a successful communication between global organization corporations. This research also focuses on global supply chains as a source of competitive advantage, which allows managers to tailor balanced, effective risk-reduction strategies for their companies by well understanding the variety and interconnectedness of supply chain risks (Manuj & Mentzer, 2008).

2. GLOBAL HUMAN RESOURCE MANAGEMENT
Nowadays, people are no longer constricted in using only their individualized skills to achieve the team goals; many people instead partnership across the globe that transcends geographical location, organizational boundaries, and thus also time-zones. Lipnack & Stamps said that face-to face meetings or groups are no longer vital for the company due to the innovation of electronic communication and digital technologies. There is a powerful trend to build teams that transcend organizational boundaries. Employees often work across internal boundaries, with specialized functions to complete certain projects or tasks. Jarvenpaa, Knoll and Leidner illustrated that “global virtual team is one of an example that boundary less network organization form”, where the organization needs a global team to work together for a certain goals and objectives (p.1). Generally speaking, global human resource management are hired by members of different cultures and countries to analyse different aspect of the international market condition and target global customer needs. Hence, conformity is accomplished via shared communication systems and developed trust in such a team. Though there are few related factors for the company to build confidence and develop, pertaining the success of the global human resource management, which includes:

2.1 TRUST IN TEAMS

According to Jarvenpaa, Knoll & Leidner, trust is important in all types of teams, for company to extend globally and successfully. “Trust is pivotal in preventing geographical distance and leading psychological distance from a global marketing point of view” (p.30). Indeed, trust is the most essential principle in global marketing teams; employees from different cultures and countries rarely meet each other and communicate together through electronic communication. According to Rittenbruch, Kahler and Cremers in 1998, claim that there are several kinds of rigid formal obligations, as in classical hierarchical organizations, shows that trust among the partners of different countries is equally important before market products through nationwide countries. Jones & Bowie (1998) as cited in Gallivan argued that features like speed and flexibility require high levels of mutual trust and cooperation will influence the efficiency of the corporations. Meverson, Weick & Kramer as cited in Jarvenpaa & Leidner state that global marketing teams must developed the concept of ‘swift’ trust, performing a certain task or project with other employees across different countries to deliver better outcomes and results for an organization. The members in such teams differ in skills in addition to the limited history of past collaboration. Employee will usually derive their trust expectations from settings that they are familiar with and temporarily make an initial use of category driven information, and process it to form a stereotypical impression of each other. Meyerson et al. as cited in Jarvenpaa & Leidner also claim that highly active, initiative, warm-hearted, generated action styles are the main factors of maintaining trust. High levels of action enable the development of high performing teams. Besides that, action can strengthen trust in a self-fulfilling fashion; action also can maintain members’ confidences, where they will able to manage problems or risks. Jarvenpaa & Leidner stated that traditional conceptualizations of trust are strongly based on interpersonal relationships, but swift trust does not emphasize the interpersonal dimensions. Swift trust was initially based on the huge wide categorical social structures before the theory went into play. The specific role divisions among members in the global team, who have well delimited specialties, assume the theory of swift trust. For global teams, members have to remain in their individual different locations without reporting to a single individual and face-to-face groups or meetings; they often are accountable to different individuals. Jarvenpaa & Leidner state that the diversified knowledge of the employees are very important in the global teams where they have some amount of knowledge about the geographically locations concerned, enabling them to understand that environment and better contribute to the project. This however is not limited to their specific roles. These differences may significant implications for swift trust.

2.2 CROSS-CULTURAL COMMUNICATION

Morgan, Glickman, Woodard, Blaives & Salas, 1986; McIntyre, Salas, Morgan & Glickman, as cited in Potter and Balthazard, “communication is a fundamental behaviour of conventional teams” (p.425). Grabowski and Roberts (1998) as cited in Robey, Khoo and Powers claim that communications is “essential to mitigating safety ricks by helping to clarify potential threats to worker safety and open dialog on improved work practices”, a good communication within in the company vital to better job performance and efficient problem-solving (p.8). According to Gudykunst, 1997 as cited in Jarvenpaa and Leidner, the seeking of motivation, disclosing of personalized information, and the needs to engage in self-classification, come to show that individuals from different cultures have different communication and group behaviours. Hofstede (1980) as cited in Jarvenpaa and Leidner state that individualism and collectivism are the major dimension of cultural variability. Gudykunst, 1997; Hofstede, 1980 as cited in Jarvenpaa and Leidner claim that the differences between the individualistic and collectivist cultures are “the values, targets and needs of between the in-group and individual”, Jarvenpaa and Leidner claim that the collectivist cultures, “the values, targets, and needs of in-group take priority over the values, targets and needs of the individual”, but compared to the individualistic cultures, “the targets, values, and needs of the individual are different from collectivist cultures where they take priority over the needs, values, and targets of the in-group” (p.305). Individuals from individualistic cultures are less influenced by group membership, less concerned with self-classification; they have greater skills which enable them to easily adapt to new environments; they
engage in exact communication and are more capacious than individuals from collectivist cultures. According to Pearce (1974) as cited in Jarvenpaa and Leidner, after completing some experiments, he concluded that there are higher percentages of trust in computer mediated-communication environments among the members of individualistic cultures than the members of collectivist cultures. The experiment concludes that individuals from individualistic cultures might be trusted more compared to individuals from collectivist cultures. According to Wiseman, Hammer, & Nishida, 1989 as cited in Jarvenpaa and Leidner, one of the important factors which will influence the communication behaviours is previous cultural exposure. People with high confidence in the lore of cultures are normally more ready to probe cultural topics. To disclose individuating information it is suggested that there are more people in the former group than the latter. Thus, this would greatly help in developing trust in the team.

2.3 COMPUTER-MEDIATED COMMUNICATION

Walsh & Bayma claim that computer-mediated communication has become an integral part for global organization. Employees usually use telecommunication networks to write, archive and process communication. Hiltz and Turoff also say that among “the types of systems that come under heading are e-mail, computerized conferencing, and bulletin-board systems” (p.680). Using computer-mediated communication (CMC) help boost effectiveness, provide sufficient speed, and volume for communication flow within and between the global organizations. Therefore, Joinson stated that CMC, and more generally the Internet, have become the focus of interest for social psychological research for a number of reasons. The first is that they usually use internet to open discussions or solve problems within or between organizations. The main reason is that the use of Internet at home is for interpersonal communication. Kiecker and Cowles claim that “a prevalent form of interpersonal communication via the Internet, online chat forums is used by consumers to “talk” to one another via their respective keyboards” (p.311). It shows that online discussions between each employee within the global organizations are rapidly becoming a well-established venue, for personal influence in the whole organization. According to Jonassen, Davidson, Collins, Campbell and Haag, “the power of computer conferencing and e-mail as constructivist learning tools and environments lies in the capabilities to support conversation and collaboration” (p.15). Jonassen et al. also claim that groups or teams can work together to solve problems, argue about interpretations or engage in other activities including coaching, modelling, scaffolding of performance by using computer-mediated communication. Computer-mediated communication will build a stronger or more successful global organization as well. People no longer face the problem of having no other option but face-to-face meetings, but can now discuss through the internet via e-mail or online chat rooms.

3. GLOBAL SUPPLY CHAIN RISK MANAGEMENT

According to You, Wassick and Grossmann (2009), global supply chains is a process industries are usually very large scale systems that can be comprised up to thousands of production facilities, distribution center and customers. Risk management is an established tool in the financial environment of the business world (Waters, 2010). Due to the competition in the global marketplace, pressure to manage the supply chain in the process industries was increased to reduce costs and risks. Supply chain risk management has drawn significantly attention to identify the potential sources of risk and implement appropriate actions to avoid or contain supply chain vulnerability (Juttner, Peck and Christopher, 2003). According to the Figure 1, the terms supply chain vulnerability and supply chain risk management can be derived: Supply chain vulnerability is “the propensity of risk sources and risk drivers to outweigh risk mitigating strategies, thus causing adverse supply chain consequences” (Juttner, Peck and Christopher, 2003, p.9). Figure shows four basic constructs of the supply chain risk management concept to identify the related critical aspects of the managerial concept:

3.1 SUPPLY CHAIN RISK SOURCES

Supply chain risk sources are any variables which cannot be predicted with certainty and from which disruptions can emerge. From the Figure 2, environmental, supply and demand risk sources have been distinguished on the one hand, and processes and control mechanisms as a risk amplifier or absorber on the other (Juttner, 2005). Environmental risk sources comprise any external uncertainties arising such as political, natural, and social uncertainties. On the other hand, demand and supply sources are internal to the supply chain. Supply risk is the uncertainty associated with supplier activities and in general supplier relationships, for example, disappointing failures with inbound goods and services. Similarity, demand risk is any risk associated with the outbound logistics flows and product demand. Environmental risks can cause supply or demand risk for the supply chain, which means that the three sources overlap. For example, a fire caused by lighting in a supplier factory will trigger a supply risk for all parties further down in the supply chain. Managers need to concern about the risk sources in supply chain, due to supply chain vulnerability is defined as “an exposure to serious disturbance arising from supply chain risks and affecting the supply chain’s ability to effectively serve the end customer market (Juttner, 2005, p.124).

3.2 DEFINING THE SUPPLY CHAIN RISK CONCEPT AND ADVERSE RISK CONSEQUENCES
Adverse risk consequences can become manifest in any outcome measure and the literature provides extensive lists, ranging from financial consequences through reputation damage to health and safety concerns (Harland and Brenchley, 2001 as cited in Juttner, Peck, and Christopher, 2003). The consequences focused in a specific supply chain context form the managers’ supply chain ‘risk concept’. Organizations were seeking to lower inventories as to become more responsive and demand-driven, but the competitive and commercial risk consequences like lost sales due to non-availability were serious concerns. These findings from the field research bear some correspondence with a classification of risk types, suggestion being made between “operational accidents, operational catastrophes and strategic uncertainties, based on probability and severity of the risk consequences” (Juttner, et al, 2003, p.15). The main emphasis within this body of literature is on risk assessment, business continuity planning and crises management. An emerging stream of works looks at the strategic uncertainties such as e.g. future investments into relationship specific resources, the risk implications of new supply network configurations or supply chain capacity investments. “The main managerial implication appears to be the reduction of uncertainty associated with these strategic decisions, rather than minimising its detrimental impact” (Juttner, et al, 2003, p.15). Tentative evidence provided that the risk concept of organisations impacts on the ‘scope’ of supply chain risk management and the approach practitioners apply to manage risks. The main idea of this finding is to investigate risk management in different supply chains and apply a contingency perspective. “From a contingency perspective, research attention lies on exploring which risk concept is relevant in particular industries to particular supply chains” (Baird and Thomas, 1990 as cited in Juttner, Peck and Christopher, 2003, p.14). Instead of trying to assume a kind of average overall picture, the view of supply chain and industry-specific risk concepts appears to be more promising in aiding managers to assess and manage risks in their supply chains.

3.3 TRACKING THE RISK DRIVERS IN THE SUPPLY CHAIN STRATEGY

Through the trends of globalisation and outsourcing, the complexity of supply chain structures increases. Rather than a neat sequence of value-adding stages, dynamic network shapes become the reality (Braithwaite and Hall, 1999). The supply network structure describes lateral and horizontal inter-linkages, reverse loops or two-way exchanges encompassing the upstream and downstream activities within and among the supply chain organisations (Lamming; Johnsen; Zheng & Harland, 2000). A supply network brings with it risks from all related network sources, due to “lack of ownership, chaos, inertia and some of other risk drivers like reduction of the supplier base and trend towards efficiently rather than effectiveness lead to more integrated supply chain” (Juttner, et al, 2003, p.18).

Risk manager play an important role in responsible for auditing the supply chain partners’ risk exposure and preparedness, criticised his lack of influence over strategic purchasing decisions. Furthering understanding on the role of risk in supply chain strategy development and implementation processes is an important research issue. Strategic choices and design decisions may build specific vulnerabilities into a supply chain (Juttner, et al, 2003, p.18). Hence, tools and processes need to be developed in helping managers to foresee and track not only the benefits but also the attendant risks for their supply chains.

3.4 MITIGATING RISKS IN THE SUPPLY CHAIN

Global risk management strategies can be classified primarily into 4 categories: avoidance, control, cooperation and flexibility. Avoidance occurs when risks associated with operating in a given product market or geographical area are considered to be unacceptable (Miller, 1992 as cited by Manuj and Mentzer, 2008). From a supply chain perspective, avoidance can be related to products/geographical markets and/or supplier and customer organisations. A company could drop specific products, suppliers or geographical markets if supply is seen to be unreliable. Companies may seek to control contingencies from the various risk sources, rather than passively treat uncertainties as constraints within which they must operate (Juttner, et al, 2003). Not surprisingly, control strategies were most widespread amongst the organisations interviewed. Examples in supply chains include vertical integration, increased stockpiling and the use of buffer inventory or maintaining excess capacity in production, storage, handling and/or transport or finally, imposing contractual requirements on suppliers. Compare with control initiatives, cooperative responses involve joint agreements, rather than unilateral control, as a means of achieving uncertainty reduction (Juttner, et al, 2003). From a supply chain perspective, the focus is on joint agreements among organisations in the supply chain to improve supply chain visibility and understanding, to share information on exposures to specific risk sources and finally, to prepare joint business continuity plans. Whereas cooperative risk mitigation strategies were applied by many of the organisations interviewed, it is mainly restricted to initiatives with key suppliers. Unlike the strategic moves of control, which attempt to increase the predictability of contingencies from the various risk sources, flexibility increases responsiveness while leaving the predictability of factors unchanged (Juttner, et al, 2003). One supply chain example is postponement, where companies delay the decision to make, configure, label or ship a product to a particular destination. Postponement reduces their dependence on forecasts and increases the ability to respond to variability or even disruptions in demand. A second supply chain example is multiple sourcing, which one manager classified as the traditional form of managing risk through spreading risk. Finally, a third supply chain example is localised sourcing with its short lead-times and potential for quick responses.
4. DISCUSSION

As conducted and explained earlier, a survey on existing literature review emphasizes on the importance of building trust in the teams or within the organization. Trust in the organization helps to reduce conflicts and the trust is usually maintained by a generative style of action, where the high levels of action is to be associated with high performing teams. This is because action can strengthen trust in self-fulfilling fashion; action can also maintain members’ confidences. More trust in each other will influence the confidence, where they will be able to solve problems easily and reduce risks and problems within the organization. Furthermore, there are some factors that are required to build a stronger and more successful global organization, i.e. building trust in teams, cross-cultural communication and also computer-mediated communication. People are now able to interact via internet instead of face-to-face interactions. On top of that, the idea of cross-cultural communication is that employees within a global company who came from all around the world would have different types of cultures. There are two major dimensions of cultural variability, i.e. individualistic and collectivist cultures. This research looks into the challenges and differences of individuals from these two cultures. Research shows that individuals from individualistic cultures are less influenced by group membership, less concerned with self-categorizing; they have greater advantages as they have less attachment to groups as compared to individuals from collectivist cultures. Thus, they are able to engage in exact communication and are more capacious than individuals from collectivist cultures. From the result above, it shows that individuals from individualistic cultures can be trusted compare with individuals from collectivist cultures. Another main point highlighted the global supply chain risk management, distinguished four basic constructs of the supply chain risk management concept to identify the related critical aspects of the managerial concept due to current awareness of supply chain risk management has been raised over recent years by a succession of disruptive events affecting the international business environment. Positive research is needed to describe, explain, predict and understand the supply chain risk management activities that are currently practiced. Positive research summarises the future research issues under each of the critical aspects. Understanding risk assessment processes within supply networks and the risk implications of different network structures. Investigating risk concepts in different supply chains and/or industries from a contingency perspective. Furthering our understanding on the role of risk in supply chain strategy development and implementation processes. Investigating how risk performance trade-offs are managed in the supply chain. Analysis showed that more positive research is needed in order to fully understand the complexity of supply chain risk management before practicable managerial guidelines and frameworks can be developed.

5. CONCLUSION

In summary, the results of this study suggest that in global marketing perspectives, a form of swift trust was taken with some variations, where relationship building is usually based on the first-hand information. Trust might be introduced, or created via communication behaviours such as computer-mediated communication and cross-cultural communication which are established in the first few keystrokes. Besides that, it is suggested in this research that trust can exist in teams built solely on electronic networks, like computer and e-mail. Furthermore, individuals from individualistic cultures are more ready to be trust in computer-mediated communication due to the higher trust levels as compared to individual in collectivist cultures who only trust team members they have known for an extensive period of time. Besides that, building a strong trust based on the first hand information between the other employees in short term projects, namely, 'swift' trust is also very important. On the other hand, cross-cultural and computer-mediated communication should be actively encouraged and developed in order to increase performance and trust in the virtual teams. Furthermore, an analysis of the supply chain risk management distinguishing four basic constructs of the supply chain risk management concept is carried out to identify the related critical aspects of the managerial concept. Due to the competition in the global marketplace, pressure to manage the supply chain in the process industries was increased to reduce costs and risks. Supply chain risk management has drawn significant attention to identify the potential sources of risk and implement appropriate actions to avoid or contain supply chain vulnerability. Hence, few basic constructs of the supply chain risk management concept is developed to fully understand the complexity of supply chain risk management before practicable managerial guidelines and frameworks can be developed, so that managers will able to developed better performance and trust in the global organization.

6. REFERENCES

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ANNEXURE

Figure 1: Supply chain risk management - the basic constructs (Juttner, Peck and Christopher, 2003)

Figure 2: Risk Sources in Supply Chains (Juttner, 2005)