

Measuring your Supply Chain Culture and Implications under Brexit

There are many cultural tools in existence. However, Hofstede et al's (1990) updated cultural practices tool by Verbeke (2000) is a recognised tool for measuring supply chain cultural fit (Cadden et al, 2015).

The cultural instrument used has 35 questions, where you rate your firm from 1-5. The 35 questions are broken down into six groups to assess the organisational culture in practice.

These are:

1. results versus process
2. employee versus job
3. open versus closed
4. loose versus tight
5. normative versus pragmatic
6. market versus internal.

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Table 2: Supply Chain Cultural Tool Summary

Results Score (/25)	A high process score indicates an organisation that is highly rule driven, very procedural where staff will not alter from their defined roles. A low process score indicates an organisation that is focused on results and will deviate from set roles and responsibilities to ensure the job gets done.
Employee Score (/40)	A high employee score indicates the organisation cares about the individual and their personal development and growth. A high level of absorptive capacity is evident. A low employee score reflects an organisation that is very much concerned about delivering on the job with no care about employee development.
Open Score (/20)	A high open score indicates an organisation that openly espouses constructive criticism. A low open score would suggest the organisation has a very defensive culture whereby a blame culture exists.
Tight Score (/35)	A high tight score indicates an organisation who thrives on controlling its employees and how they behave. A low tight score reflects a loosely controlled organisation whereby flexibility and autonomy are more prevalent in achieving the set objectives.
Norm Score (/25)	A high norm score indicates a pragmatic organisation that focuses on achievement. A low score on the norm scale indicates an organisation more focused on following standards.
Market Score (/30)	A high market score is reflective of an organisation that is supply chain oriented and concerned externally about its operating environment. A low market score indicates an organisation that is internally focused with little or no concern for its supply chain or operating environment.

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When organisations differ in their organisational practices, there can be conflict, misunderstanding, and interaction problems leading to late delivery of orders, poor response to unexpected demand changes and increased product cost. This could lead to major implications under Brexit, as all the above issues are likely to be magnified.

- If an organisation is 'results-oriented', as per Table 2, category 1, problems are shared across boundaries, functions and departments cooperate well with each other and employees contribute to business improvements. A 'process-oriented' organisation is one in which employees adhere strictly to their own responsibilities within their own process and department with limited cooperation between departments.

Implications under Brexit

Under Brexit, a firm that is process oriented would lead to communication breakdowns, increased conflict and a lack of cooperation. The result could be delayed order information, and ultimately late orders and increased costs.

- An 'employee-oriented' organisation, as per Table 2, category 2 is committed to personal development and education of its personnel as well as creating a good working environment for them. On the other hand, job-oriented organisations do not recognise employee achievements or contributions and highlight organisational profitability as the sole priority. Differences in this area within supply chain relationships may result in conflicting communication methods and organisational commitment issues, negatively impacting relationship performance.

Implications under Brexit

Under Brexit, a lack of joint training could erode the trust that has built up between supply chain partners that build up and result in reduced employee engagement due to employees feeling they are not respected or supported in their development. The knock-on effect could be disengagement and lower productivity and responsiveness in times of great uncertainty.

- An 'open' organisational culture, Table 2, category 3, will encourage employees to criticise decisions and outcomes whereas a 'closed' organisation is typified by a blame culture and an aversion to public criticism. Under Brexit, this may mean that late information or materials to or from suppliers will result in a toxic atmosphere and increased conflict.

One Northern Ireland firm have introduced a term to try and enhance this dimension across its supply chain. It is known as no BMW. The company has set up a whatsapp group amongst supply chain partners with the BMW logo as its title and is used as a motivational tool and an area to share and exchange ideas with staff from personnel with supply chain responsibilities.



A practice adopted within one NI firm to reduce blame and create an open culture is the BMW method - No Blaming, Moaning or Whining

Implications under Brexit

Under Brexit, having constructive criticism and an open culture will be critical to ensuring that any disruption to materials or information is resolved in a constructive and timely manner.

- The 'loose-tight' cultural category, Table 2, category 4, resembles behaviour control versus outcome control. It concerns how management controls its employees. A 'tight' organisation will actively check and control employee behaviours whereas employees in a 'loose' organisation will have much more autonomy and levels of freedom.

Implications under Brexit

If there is a hard Brexit, this may mean that firms are more controlling of their partners where they have the buying power due to perhaps a high percentage of their business with that particular supplier. Opportunistic behaviours may result, and the relationship reverts back to being just about basic metrics of cost and service, and all the principles of collaborative supply chain relationships could be undone as firms see the short term gains. It is important that firms continue to be open and work in cross functional problem-solving teams to allow for collaboration, innovation and creativity to be the dominant characteristics of the partnership.

- Organisations with 'pragmatic' organisational practices, Table 2, category 5, are focused on meeting customer needs. They prioritise meeting results as being more important than procedures. By contrast, organisations with normative organisational practices comprehend their role in the market to be the implementation of unbreakable rules.

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Implications under Brexit

Under Brexit, ensuring customer needs are met where volatility and disruptions may occur will be a major challenge for firms. Having a culture which is pragmatic along the supply chain will help firms meet these challenges.

- The market-internal category, Table 2, category 6, reflects strategic orientation. An organisation whose organisational practices are market-oriented uses information from suppliers in formulating operational strategies whereas an organisation with internal organisational practices prioritises organisational efficiencies.

Implications under Brexit

Under Brexit, if supply chain firms continue to work as partners and develop joint strategies to ensure customer needs are met and there is accurate and timely information on customer demand this can help mitigate and potential risks.

A high mean score in each category is the optimum cultural profile as this reflects an organisation that is results-driven, employee-focused, externally-oriented and where communication is encouraged.

References

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