The Classification of Supply Chain

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Introduction

The topic of the journal article is the classification of supply chain (Ahmed et al. 2017). The relationships of the supply chain have significant theoretical as well as practical uses. Moreover, the relationships of the supply chain are not homogenous as organisations use different processes, metrics, people, and mentalities in order to manage different supply chain relationships. Managers deal with thousands of supply chain relationships, and they have to decide at the level of the relationship, so the classification of relationships into practicable types is very necessary.

Sillanpaa et al. (2014) wrote a journal article on the topic of supplier development and strategies of the buyer-supplier relationship. They identified that supplier development is the determination of producers in order to improve the performance of suppliers and increase their numbers. This study is significant for the competitive market as proper management of suppliers is essential to gain a competitive advantage. Companies need to have a strategic viewpoint for suppliers before making the decisions to make purchases.

The topic which Loppacher et al. (2011) wrote about is an important driver of buyer-supplier relationships in strategies of global sourcing. Purchase centralization, as well as supply source internationalisation, define the strategies of global sourcing. Moreover, coordination and the additional mechanisms used with suppliers and development programs of suppliers for the success of strategies for global sourcing. In particular, supplier development strategy is identified as an important competitive action in order to improve the performance of supply, improve the abilities of the suppliers, and develop relationships with suppliers. This journal article has significance in showing how behaviour patterns of global sourcing strategy are relevant to purchasing centralisation and supply source globalisation and how they constitute an important factor at play with strategies of supplier management. This research shows how global sourcing strategy behaviour patterns related to supply source globalisation and purchasing centralisation constitute a key factor at play with supplier management strategies.

Literature Critique

The work of Ahmed et al. (2017) is important in identifying the relationships of the supply chain and is considered a very significant activity for the organisation in order to be competitive. Lee and Whang

(2000) argue that organisations rely on supply chain partners in order to meet customers' expectations. Moreover, two kinds of relationships, process-focused and NPD-focused, were identified by the authors as similar in ralational requirements. Further, this article provides insight to managers on how to classify the relationships of the supply chain. Sunasekaran et al. (2001) also identified that the classification of supply chain relationships is necessary to evaluate the relationships in each category to develop standardized processes.

Theoretical Framework

The work of Sillanpaa et al. (2014) has many strengths, as he identified that strategic management of suppliers is necessary for the organisation to be competitive. The strategic viewpoint is important for the organisations of suppliers, as it reflects the purchasing function. The author elaborates on the theoretical point of view for the development of suppliers and the relationship between buyer and supplier. Moreover, the author argued that social exchange theory is beneficial for the comprehensive view of supplier development and constancy of the relationship between buyer and supplier. Cropanzano et al. (2002) state that social exchange theory describes the trust level and commitment between the supplier and buyer in procurement.

The work of Loppacher et al. (2011) has some weaknesses, such as there is less support for a study on the effectiveness of buyer-supplier coordination and supplier development strategy. Moreover, the author could not measure the effect of supplier development strategy on the buyer-supplier relationship performance. Further, the outdated longitudinal analyses on the development of the relationship between buyer-supplier are used. The work of the author has positive outcomes in describing the importance of global sourcing strategies. Global sourcing strategies have been developed by the multinational companies since long to improve the efficiency as well as efficacy in the activities of global purchasing, therefore, Global sourcing strategies are helpful for the organisations safe the competitive advantage.

Kotabe and Murray (2004) identified that global sourcing strategies are significantly important for the exploitation of the benefits of purchasing products in order to find the best available source. Quintens et al. (2006) Global sourcing strategies are important for purchase centralisation to combine processes, technologies, and policies of the procurement units. This article used multiple case studies in research to seek a complex understanding of variables and dynamics.

Impact on Procurement

The work of Ahmed et al. (2017) is of great importance in the context of procurement as it provide insights to relationship of buyer–supplier. Organisations, as well as practitioners, can use information on archetypes in making a portfolio of relationships for effective decisions in the buyer-supplier relationship. The relationship between buyer and supplier is important in the process of procurement.

The work of Sillanpaa et al. (2014) has a positive impact on procurement as the author identified some important ideas. He identified that in the development process of the supplier, both suppliers and buyers should consider the alignment process and investment amount as well as cultures to enhance the performance and capabilities of the supplier. Moreover, he identified that buyers should understand the structure in order to maintain the appropriate long-term relationship with good suppliers. Further, he identified that suppliers should focus on the buyer development process for effective decisions.

The work of Loppacher et al. (2011) has a significant impact in the context of procurement as it offers a healthier understanding of supplier development strategies. Multinational companies implement strategies for supplier management to develop suppliers and cooperate to improve work practices. Moreover, the author identified that MNCs that implement local purchasing strategies having domestic sourcing practices prefer informal as well as uncompetitive management strategies.