Organizational culture and supply chain collaboration: a humanitarian context

Sabari R. Prasanna
Humlog Institute, Hanken School of Economics, Helsinki
sabari.prasanna@hanken.fi
Ira Haavisto
Humlog Institute, Hanken School of Economics
Gyöngyi Kovács
Humlog Institute, Hanken School of Economics

Abstract

In this paper we attempt to unravel the relationship between organizational culture of humanitarian aid suppliers and the depth of collaboration that they have with their customers. Template analysis on the interviews with suppliers provides the relationship between organizational culture and supply chain collaboration. Results show important threads and propositions.

Keywords: Supply chain collaboration, Humanitarian, Organizational culture

INTRODUCTION

Supply chain collaboration has remained an important area of research for more than a decade. Accordingly, there are numerous definitions of supply chain collaboration, which though converge on aspects such as the need for multiple firms, a common aim to improve benefits and outcomes, as well as trust and understanding between organizations in the chain (Soosay and Hyland, 2015). According to Simatupang and Sridharan (2002, p.19), "two or more members working together to create competitive advantage through sharing information, making joint decisions and sharing benefits which result from greater profitability of satisfying end customer needs than acting alone". In the humanitarian context, e.g. a disaster relief situation, several actors such as governments, military, Non Governmental Organizations (NGOs) – local and international, commercial organizations such as logistics service providers, UN, international aid organizations come together to unfold immediate relief work (Van Wassenhove, 2006). This creates a congregation of actors from several cultural backgrounds with varying levels of cultural elements such as trust, mutuality, information exchange, and openness and communication (Barratt, 2004). The aim of this paper is to evaluate the impact of differences in organizational culture between suppliers and humanitarian buying organizations on buyer-supplier collaboration. In order to do so, a qualitative interview study was carried out with buyers and suppliers.

SUPPLY CHAIN COLLABORATION

On a fundamental note, organizations collaborate to improve efficiency of their internal supply chain activities such as purchasing, manufacturing and logistics (Fawcett and Magnan, 2002). Several terms such as integration, collaboration, cooperation, and coordination are complementary to each other as they consist of similar elements (Kanda and Deshmukh, 2008). But supply chain collaboration is also found to resonate with higher levels of efficiency and effectiveness within a supply chain (Fu and Piplani, 2004). Several organizations collaborate at different levels for specific benefits. Goffin et al. (2006) found different levels of collaboration, ranging from simple transaction at the operational level to highly integrated relationships at the tactical or strategic level.

There are three phases of disaster relief operations: preparedness, immediate relief and reconstruction, each of which requires different set of activities during each of these stages (Kovacs and Spens, 2007). Actors in a humanitarian supply chain dispose of diverse capabilities but share the common goals of saving lives, mitigating suffering and helping the community return to normalcy (Senge, 2006; Kovacs and Spens, 2007). On a primary level, each of the actors – NGOs, governments, international aid organizations, and the military possess different interest and motivations (Day, 2014) stemming out from the organization level cultural roots. Although initially united on emotional grounds to provide relief to the disaster hit community, the actors in the humanitarian supply chain do not sustain the bonding which can be attributed to cognitively resisting the collaborative efforts like sharing information or resources that in a way not linked to their organization's goal (Fawcett et al. 2008). It thus becomes crucial to investigate the collaborative relationship from an organizational culture perspective.

INSTITUTIONAL LOGICS LENS

Thornton and Ocasio (1999, p.804) defined institutional logics as 'the socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality.' According to this definition institutional logics provide a link between individual agency and cognition and socially constructed institutional practices and rule structures. Moreover, the challenge of measuring cultural effects is often approached by examining how one or more of the institutional orders of the inter- institutional system are changing in its strength of influence on individual and organizational behaviour (Thornton and Ocasio, 2008). As a mechanism by which institutional logics exert their effects on individuals and organizations is when they identify with the collective identities of an institutionalized group, organization, profession, industry or population (Tajfel and Turner, 1979).

It is quite arguable that institutional logics shape and create the rules of the game, the means ends relationships by which power and status are gained, maintained, and lost in organizations (Ocasio, 1999). Moreover, social actors rely on their understandings of institutional logics in the competition for power and status and in doing so generate the conditions for the reproduction of prevailing logics. This said, the demands of the buying organization have its effect on the supplying organizations especially when one member can influence the decisions and behaviours of other members. This effect is more pronounced in cases where the buying organization is bigger than the supplying organization with a wider supplier base (Griffith et al. 2006). Moreover such a demanding partner in the supply chain can give its partners more pressure to use inter-organizational systems to share different types of information as a result facilitate collaboration of supply chain activities (Hart and Saunders, 1997; Sawhney and Parikh, 2001).

ORGANIZATIONAL CULTURE IN SUPPLY CHAIN COLLABORATION

Organizational culture has no consistent definition in the extant literature. Schein, (2004, p.17) defines organizational culture as "a pattern of shared basic assumptions that was learned by a group as it solved its problems of external adaptation and II, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems". In order to understand the type of organizational culture some salient points from the Organizational Culture Assessment Instrument (OCAI) as developed by Cameron and Quinn (2005) is used. This measure provides an idea about the organizational culture type based on a typology matrix. OCAI uses six dimensions to develop the organizational culture type. They are (a) dominant characteristics, (b) organizational leadership, (c) management of employees, (d) organizational glue, (e) strategic emphases, and (f) criteria of success. The six OCAI dimensions lead to classifying the organization into one of the four categories: Hierarchy, market, clan, and adhocracy culture.

Supply chain collaboration enables firms to obtain differential performance as they access resources and routines that exist with different supply chain members (Dyer and Singh, 1998). Moreover, such collaborative advantages are especially difficult to replicate since competitors must both acquire the complementary resources and roll out in the same way (Holcomb et al. 2006). Collaborative supply chains develop unique customer value by identifying resources that are outside the organizational boundaries. Such distinctive capabilities that bridge organizational boundaries are goal alignment, frequent and open communication, exchange of expertise and resources (Stonebraker and Afifi 2004; Eng 2006; Green, et al. 2006). In a study by Fawcett et al. (2013) it is found two core collaboration resistors: unwillingness to adapt to collaborative behaviour, and a lack of trust. It is further found that resistance to change is so ingrained in organizational culture. This is used alongside the four cultural aspects that form the base line of supply chain collaboration as indicated by Barratt (2004) are (a) trust, (b) mutuality, (c) information exchange, and (d) openness & communication. This also brings another aspect of organizational culture: organization routines. Organizational routines refer to "repetitive, recognizable patterns of interdependent actions, carried out by multiple actors" (Feldman & Pentland, 2003, p. 94).

RESEARCH METHODS

As the focus of the study was on organizational culture in buyer-supplier collaboration in the humanitarian supply chain, data was collected from both humanitarian actors (as buyers) and their suppliers. Whilst the data collection was qualitative, we used a rather version of a semi-structured interview guide with few main questions (see Appendix A) and a number of prompting questions. Data was collected at an important fair for humanitarian suppliers, AidEx 2015 in Brussels, where respondents were approached on the spot. This resulted in a total of thirty interviews, twenty seven with suppliers and three with humanitarian buyers. Interviews lasted 4 – 14 minutes each.

Template analysis was used for the analysis of the data (as in King, 1998), in order to allow for contrasts and comparisons across organizations and types of organizations on the same numbers of themes. The themes in the template followed the structure of the interview guide, resulting in hierarchical coding with groups of similar codes clustered together to generate more general higher order codes. It also provides an opportunity to analyze texts at varying levels of specificity.

RESULTS AND DISCUSSION

In this study it becomes quite evident through the qualitative interviews in this study that the central buying organizations such as the agencies of UN (UNOPS, UNHCR), Oxfam determine the institutional logic in this supply chain and the suppliers align themselves to the logic (Thornton and Ocasio, 2008). The results follow the initial template as designed in the semi-structured interview guide.

The Humanitarian Sellers' Perspective

Wide variety of organizational backgrounds resonates with the organization's perception about its success. For instance purely commercial organizations see financial performance as a matter of organizational success. Purely humanitarian organizations see helping the needy (ultimate customers) through satisfying humanitarian buyers' needs. On the other hand both humanitarian and commercial organizations see developing new products through product innovation as another metric of success. Few supporting organizational structures help these organizations achieve success. The structure refers to centralization, flexibility, presence of right teams, and delegation and person – job fit. The results of template analysis is shown in Table 1.

These suppliers work with humanitarian organization such as UN agencies (UNHCR, UNICEF, WHO, and UNRWA), International Committee of the Red Cross, International Federation of Red Cross and Red Crescent, Red Cross, Oxfam, Medicins Sans Frontieres, Save the children, and Norwegian Refugee Council.

The suppliers exhibit some degree of collaboration with their buyers. Product related activities such as joint product development, jointly working with buyers on-site, and product customization and training fall into this also helps save on cost.

Unanimously the suppliers felt that they differ from the buyers in that the suppliers are commercial and profit oriented while the buying organizations are generally public and they are not profit oriented. This fundamental difference in organizational culture sets the two groups apart.

Finally, as a matter of surprise to the authors, the suppliers never had any issues with humanitarian buyers that stemmed out due to fundamental differences in organizational cultures. This is attributed to clarity in communication, transparency in information flow, flexibility, and cultural aspects as indicated by Barrett (2004): trust, mutual respect, and commitment. On a theoretical perspective institutional logics lens provides further explanation that due to differences in size of the buyer – supplier organizations, and negotiation power between them, the suppliers tend to align themselves with the stringent requirements as set by the central buying organization. In this case the UN agencies and Oxfam. Based on the results we develop the proposition that,

P1: Organizational culture influences humanitarian supply chain collaboration at the implementation level

Table 1-Final template for humanitarian supplying organizations

1 Definition of success
      1 Beneficiary oriented
          1 Empowerment
          2 Saving as many people
          3 Serving people

1 good heart
        2 Customer oriented
                1 Customer satisfaction
                        1 Scaling up production
                        2 Innovative products
                        3 On time delivery
                        4 Smart products
                                1 Cost effective product
                        5 Customer service
                        6 Quality and reliable products
                        7 Research and publication
                        8 Customer contacts
        3 Profit oriented
                1 Time to market
                2 Sales volumes
                3 Competitive pricing
                4 Strong distribution network

2 Supporting organizational structure
        1 Goal level
                1 Person – job fit
                2 Specialized teams
        2 Leadership style
                1 Centralized decision making
                2 Family owned business
        3 Degree of freedom in work place
                1 Empathy
                2 Innovative
        4 Growth orientation
                1 Flexible manufacturing capability
                2 Multi country offices
                3 Profits
                        1 Marketing and Sales

3 Humanitarian buyer organizations
        1 UN agencies
                1 United Nations High Commission for Refugees
                2 United Nations Children's Fund
                3 World Health Organization
                4 United Nations Relief and Works Agency
        2 Red Cross
                1 International Committee of the Red Cross
                2 International Federation for Red Cross and Red Crescent Societies
        3 Oxfam
        4 Governments
                1 Ministries
         5 Medicins Sans Frontieres
        6 Save the Children

4 Collaborative working with humanitarian buying organizations
        1 Product level

1 Innovative products
  1 Exceptional products
2 Joint product development
3 Cost saving
4 Customization
5 Working with them onsite
6 Product training
2 Softer aspects
 1 Mutual respect
 2 Information sharing

5 Sources of organizational cultural differences
 1 Type of organization
  1 Governmental
 2 Orientation
  1 Not based on profits

6 Issues due to organizational cultural differences
 1 No. Because of,
  1 Transparent information flow
  2 Clarity in communication
  3 Trust
  4 Commitment
  5 Flexibility
  6 Mutual respect

Humanitarian Buyers' Perspective

The managers in these organizations felt on time delivery of a project, adaptable structures and providing the needy with resources as their primary criteria for their organizational success. Having presence in most of the countries and having a well defined hierarchical structure helps these organizations achieve success.

The interviewed humanitarian buying organizations work with other UN agencies such as UNICEF, UNHCR, WHO, etc., governments and ministries and NGOs.

These organizations are mostly involved in running contract based relationships which occasionally deals with new product development as a collaborative exercise including information sharing and sometimes signing a multi-year contract that demands suppliers to ship out specific products directly to the specific field site.

As a primary difference between the buying and supplying organizations, these buying organizations felt profit is not a motive as opposite to their suppliers'.

Humanitarian buying organizations felt that there were no issues with their suppliers arising due to differences in organizational culture. Fundamentally the requirements from the suppliers are clearly set out through transparent flow of information that prevents any issues from cropping up. As a mechanism, if the supplied product does not match the specifications as stated in the contract, the issue is sorted through mutual discussion and in repeated supply of poor quality products, the supplier would be removed from the supplier list.

The institutional logics as set these buying organizations ensure that the suppliers are fully aligned to their system. See Table 2 for the final template for humanitarian buying organizations. Based on the results from the data analysis we posit our proposition that,

P2: Institutional logics of buying organization in humanitarian supply chain determine the level of collaboration with its suppliers
.

Table 2-Final template for humanitarian buying organizations

1 Definition of success
       1 On time project delivery
       2 Not exceeding the budget
       3 Alignment within the 3 main areas and 17 SDGs
              1 Project management
              2 Infrastructure
              3 Procurement
       4 Adaptable structure depending on needs
       5 Setting up pure water and sanitation to people

2 Supporting organizational structure
       1 Goal level
              1 Project level
                     1 Specialized teams
       2 Leadership style
              1 Hierarchical
                     1 Fixed processes and procedures

3 Humanitarian supplier organizations
       1 UN agencies
       2 Ministries
       3 Governments
       4 NGOs

4. Collaborative working with humanitarian buying organizations
       1 Product level
              1. Contract based
              2. Occasional partnering for developing innovative products
       2 Softer aspects
              1. Information sharing

5. Sources of organizational cultural differences
       1. Type of organization
              1. Purely commercial
              2. Commercial and humanitarian
       2. Orientation
              1. Based on profits
              2. No Bureaucracy

6. Issues due to organizational cultural differences
       1 No. If present then,

1. Mutually solve them
2. Cheating supplier is removed from supplier list

CONCLUSION

Supply chain collaboration is found to provide several benefits to the organizations which are in the collaborative relationships such as sharing of resources, joint cost reduction activities, and inventory management (McLaren et al. 2002). This collaborative relationship is pillared by organizational cultural aspects like trust, commitment, information sharing, and mutuality (Barrett, 2004). Organizational culture deciphered using Cameroon and Quinn (2005) OCAI forms the basis of the linkages for this study. Template analysis (King, 1998) on the semi-structured interview data provides a comparable view on how humanitarian buying and supplying organizations view the collaborative relationships.

In a humanitarian context it is quite clear that the buying organizations do not allow suppliers to work on joint inventory management, access to new markets, or process integration unlike a commercial supply chain. This could be attributed to the institutional logic that runs through the buying organizations. Stringent, tender based and transparent systems, and no preferential status to suppliers even after a track record of supplies put the suppliers on a transactional level most of the times thus not allowing the supply chain enjoy all the benefits of supply chain collaboration. This is also evident from the data that no issues came up due to differences in organizational culture as the suppliers ensure they meet the requirements of these buying organizations. This is also coupled with the negative incentive that suppliers who were found to be non compliant with supply contracts repeatedly will be removed from the supplier data base. This also brings a thwarting factor that prevents suppliers to deviate from the contracts or procedures. As a limitation, this study is done with suppliers and buyers from European origin. Further research could look into other humanitarian supply chains of other continental origin. This study did not consider country culture as an influencing factor in the collaborative relationships. Other culturally rooted places could be considered to understand if country culture influences collaborative behavior.

BIBLIOGRAPHY

Barratt, M. 2004. Understanding the meaning of collaboration in the supply chain. *Supply Chain Management: an International Journal*, *9*(1), 30-42.

Cameron, K. S., R.E. Quinn. 2005. *Diagnosing and changing organizational culture: Based on the competing values framework*. John Wiley & Sons.

Day, J. M. 2014. Fostering emergent resilience: the complex adaptive supply network of disaster relief. *International Journal of Production Research*, *52*(7), 1970-1988.

Dyer, J. H., H. Singh. 1998. The relational view: Cooperative strategy and sources of interorganizational competitive advantage. *Academy of Management Review*, *23*(4), 660-679.

Eng, T. An Investigation into the Mediating Role of Cross-functional Coordination on the Linkage between Organizational Norms and SCM Performance. *Industrial Marketing Management*, (35:6), 2006, pp. 762-773.

Fawcett, A. M., S.E. Fawcett. 2013. Benchmarking the state of humanitarian aid and disaster relief: A systems design perspective and research agenda. *Benchmarking: An International Journal*, *20*(5), 661-692.

Fawcett, S. E., G. M. Magnan. 2002. The rhetoric and reality of supply chain integration. *International Journal of Physical Distribution & Logistics Management*, *32*(5), 339-361.

Fawcett, S. E., G. M. Magnan, M.W. McCarter. 2008. Benefits, barriers, and bridges to effective supply chain management. *Supply Chain Management: An International Journal*, *13*(1), 35-48.

Feldman, M. S., B.T. Pentland. 2003. Reconceptualizing organizational routines as a source of flexibility and change. *Administrative Science Quarterly*, *48*(1), 94-118.

Fu, Y., R. Piplani. 2004. Supply-side collaboration and its value in supply chains. *European Journal of Operational Research*, *152*(1), 281-288.

Goffin, K., F. Lemke. M. Szwejczewski. 2006. An exploratory study of 'close'supplier–manufacturer relationships. *Journal of Operations Management*, *24*(2), 189-209.

Green, K., R., McGaughey and K.M. Casey. 2006. Does supply chain management strategy mediate the association between market orientation and organizational performance, *Supply Chain Management: An International Journal*, (11:5), pp. 407 - 414.

Griffith, D. A., M. G. Harvey. R. F. Lusch. 2006. Social exchange in supply chain relationships: The resulting benefits of procedural and distributive justice. *Journal of Operations Management*, *24*(2), 85-98.

Hart, P., C. Saunders. 1997. Power and trust: Critical factors in the adoption and use of electronic data interchange. *Organization Science*, *8*(1), 23-42.

Holcomb, T.R., R.M. Holmes and M.A. Hitt. "Diversification to Achieve Scale and Scope: The Strategic Implications of Resource Management for Value Creation.'' In J.A.C. Baum and S. Dobrev (Eds.), Advances in Strategic Management: Ecology and Strategy , JAI - Elsevier Science, Oxford, UK, 2006

Kanda, A., S. G. Deshmukh. 2008. Supply chain coordination: perspectives, empirical studies and research directions. *International Journal of Production Economics*, *115*(2), 316-335.

King, N. (1998), Template Analysis, (Eds) in Symon, G. E., C. E. Cassell. Qualitative methods and analysis in organizational research: A practical guide. Sage Publications Ltd

Kovács, G., K. M. Spens. 2007. Humanitarian logistics in disaster relief operations. *International Journal of Physical Distribution & Logistics Management*, *37*(2), 99-114.

Mahar, A. M., (2000). Diagnosing and Changing Organizational Culture: Based on the Competing Values Framework. *Journal of Organizational Change Management* 13, no. 3 (2000): 300-303.

McLaren, T., M. Head. Y. Yuan. 2002. Supply chain collaboration alternatives: understanding the expected costs and benefits. *Internet research*, *12*(4), 348-364.

Ocasio, W. 1999. 'Institutionalized Action and Corporate Governance: The Reliance on Rules of CEO Succession,' *Administrative Science Quarterly* 44 (2): 384–416

Sawhney, M.,D. Parikh. 2001. Where value lives in a networked world. *Harvard Business Review*, *79*(1), 79-90.

Senge, P.M. (2006), *The Fifth Discipline: The Art and Practice of the Learning Organization*, Doubleday, New York, NY.

Simatupang, T. M., R. Sridharan. 2002. The collaborative supply chain. *The International Journal of Logistics Management*, *13*(1), 15-30.

Soosay, C. A., P. Hyland. 2015. A decade of supply chain collaboration and directions for future research. *Supply Chain Management: An International Journal*, *20*(6), 613-630.

Stonebraker, P.W. and R. Afifi. "Toward a Contingency Theory of Supply Chains,'' *Management Decision,* (42:9), 2004, pp. 1131-1144.

Tajfel, H. J. C. Turner. 1979. An Integrative Theory of Intergroup Conflict, in S. Worche, W. G. Austins, (eds.) *The Social Psychology of Intergroup Relations*. Monterey, CA: Brooks/Cole Publishing Co.

Thornton, P., W. Ocasio. 1999. Institutional Logics and the Historical Contingency of Power in Organizations: Executive Succession in the Higher Education Publishing Industry, 1958–1990. *American Journal of Sociology* 105 (3):801–843.

Thornton, P. H., W. Ocasio. 2008. Institutional logics. *The Sage handbook of organizational institutionalism*, *840*, 99-128.

Van Wassenhove, L. N. (2006). Humanitarian aid logistics: supply chain management in high gear. *Journal of the Operational Research Society*, *57*(5), 475-489.

Appendix A Semi – structured interview guide

1) How do you define success in your organization?
2). How is the organizational structure supporting XXX...
    i.Trust; Teamwork, Individual (are goals set on individual or team level); Leadership(centralized/ decentralized decision making), Freedom/ Regulation, Profit oriented/ Organic growth oriented, Rules/ Results orientation.
3) Which Humanitarian actors do you work with?
4) How do you work with them?
    a. How do you work with them jointly?
    b. How intensely do you work with them?
        i. (What activities (joint product assortment, common manufacturing, joint inventory management) information sharing, commitment, mutuality, trust, transparency, length of collaboration)
4) How does your organizational culture differ from that of your customers in the humanitarian sector?
5) If any problems arise (e.g. change in demand /specifications / requirements / quality issues...), how do you resolve these with your (humanitarian) customer? Examples/ stories?
    a. How do you ensure that your solution will result in the desired overall performance?
        i.Why did you choose that solution (differences)?