

Supply Chain Leadership and Sustainable Innovation

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The concept of leadership is typically defined by the behaviour, capabilities, and characters of leaders. It revolves around group dynamics influenced by social factors and centers on shared goals, intentions, visions, or objectives. Supply chain leadership (SCL) contributes to the enhancement of functioning implementation, consumer-supplier relationships, and sustainability in innovation. SCL is therefore identified as a potentially significant concept due to its influence on sustainable innovation and competitiveness, but yet to emerge as a distinct field of scholarly research.

Keywords: supply chain leadership ; supply chain management ; sustainable innovation ; transformational leadership ; transactional leadership ; laissez-faire leadership

1. Introduction

Supply chain management (SCM) mainly focuses on, amongst other things, the optimisation of customer satisfaction. Neglecting the most significant aspects of SCM could therefore be damaging to any type of business for which SCM is possibly a competitive differentiator [1,2]. However, the value of SCM is reflected in how firms have used their supply chains strategically to gain an advantage over peers, as their competencies influence growth through sustainable innovation and competitiveness [3]. To implement and capitalise on the latest and sustainable innovations, companies require talent, skills and experience, as well as in-depth business and supply chain knowledge to apply the latest tools and methods [4]. Most sustainable innovations in SCM, however, have built on existing achievements and the reconfiguration of familiar methods and technologies rather than inventing new ones [5]. Proponents of SCM therefore recognise that a shift in processes and organisational approaches is necessary to compete in the market, specifically in managing and analysing the flow of goods and materials [6]. While firms in a global setting are generally motivated to accelerate performance to gain competitiveness through their supply chains [7], political changes, unstable economies, a lack of basic infrastructure, and the inadequate application of business administration knowledge are prevalent in developing countries [8]. In this regard, Brown and Murray [9] suggest the approach of continuous improvement through sustainable innovation and competitiveness as a panacea that is critical for the success of a company.

As the current business environment is very competitive, firms with inimitable resources have more opportunities to attain a superior performance [10]. Brem and Viardot [11] posit that sustainable innovation is one of the key drivers of performance and growth and ought to play a central role in organisations' approach to leadership [12]. A key purpose of sustainable innovation is to differentiate firms' products for competitiveness in the market [13]. However, emerging economies can present ineffective channels of circulation that do not reach consumers consistently or reliably [14], to the extent that survival in a competitive emerging economy will require the approach of supply chain flexibility from supply chain leaders who can cope with elements of uncertainty [15]. In essence, thoughtful supply chain planning should consider elements concerning the future not just as being critical to success, but also as a requirement for survival [16]. In addition, supply chain leaders should keep in touch with aspects of culture, history, and politics, as these factors could have an effect to the detriment of the company and its stakeholders at any time [17].

Businesses in developing economies have seen a shift towards becoming more sophisticated than had previously been the case. Tatham, Wu, Kovacs, and Butcher [18] allude to an increase in the perception that the basic structures of businesses may need to be revisited, considering emerging changes in the global business environment. Even routine SCM issues have become complex, given the breadth of intertwined issues that must be considered [19]. For example, the various challenges eminent in developing economies pose a challenge to how consumers access goods and services, whereas a different situation prevails in developed economies, in which there are large retailers in the supply chain that are accessible to consumers [14]. A smart supply chain also requires sustainable innovation in products or services, and the processes behind the actions should be developed intelligently [20].

Due to globalisation and the spread of customers and suppliers across the globe, two questions raised by [21] become prominent. (1) How are companies from developing economies in which there are no proper and orderly supply chains in various industries likely to respond to change? (2) What would be the impact on supply chains when the market growth for

various products is driven primarily by developing economies? These questions put the spotlight on the scantiness of research that focusses on SCL from a developing economy perspective for sustainable innovation and competitiveness. Although studies on developing economies are gradually gaining momentum [22], not many of these studies have been conducted at the supply chain level, and few studies have focused on supply chain procedures in developing countries [21]. Similarly, there seems to be insufficient knowledge and awareness of the strategic actions to be performed for SCL from emerging market perspective that focuses on the issues of sustainable innovation and competitiveness. This is an issue of great significance to the discipline of SCM, because it is deemed necessary that firms that strive to create a competitive advantage enhance their strategic actions in terms of sustainable innovation and competitiveness.

2. Leadership

Leadership is a complex concept that has been discussed for many years, and yet there is still no single definition agreed upon by all [23], and it can be defined from a multidimensional perspective [24]. Studies on leadership have traditionally focused on the features and behaviours of people, and on the impact on teams and associations [25]. The concept of leadership is typically defined by the behaviour, capabilities and character of leaders. It revolves around group dynamics influenced by social factors and centers on shared goals, intentions, visions or objectives [26]. Researchers in operations and SCM have examined the idea of leadership at an executive level, although they tend to view control and leadership interchangeably [27]. However, leadership behaviours can broadly be divided into transformational, transactional, and laissez-faire leadership styles [28].

2.1. Transformational Leadership

Generally, transformational leaders are perceived as inspiring figures to their followers, encouraging them to embrace goals and values that resonate with leader's vision, who are asked to accept targets and principles that are aligned with the vision of the leader [29,30]. Transformational leadership includes four behaviours, namely idealised influence or charisma, individualised consideration, inspirational motivation, and intellectual stimulation [12,31,32,33,34,35,36,37,38,39]. Transformational leadership can stimulate and influence their supporters [40] by influencing the process to exchange valued rewards for performance [41]. Compared to transactional leadership, transformational leadership has advantages of leadership and organisational effectiveness [42]. However, transformational leadership is criticised for having parameters that are difficult to define, as it is broad-based in its nature and therefore covers a range of facets, such as creating a vision, motivating, being a change agent, building trust, and many other qualities [32].

2.2. Transactional Leadership

Transactional Leadership depends on individual initiative to effect change as well as the notion that junior staff members and procedures work effectively when situated within a clear hierarchy [1]. Arguably, transactional leadership is a short-term management orientation that has limited capacity to generate organisations that are sustainable and competitive in the long-term [43]. The focus is on the physical and security of subordinates [35] and on the motivation of followers by granting either rewards for good performance or disciplinary measures for poor performance [28]. The main strength of transactional leadership is that followers are challenged through rewards, while its primary weakness is that it uses negative reinforcement [32]. With this approach, there can be exchanges in value without any mutual pursuit of higher-order purpose, and the result can be a workplace that is efficient and productive yet also somewhat limited when compared to a workplace under transformational leadership [44].

2.3. Laissez-Faire Leadership

Laissez-faire leadership is viewed as passive-avoidant leadership and is generally considered an ineffective leadership style in which leaders shirk their supervisory duties to their subordinates [22,42,45]. In essence, it is more of a representation for a lack of leadership and the avoidance of clarification of expectations, conflict resolution, and decision-making [46,47]. In other words, as leaders continue to offer little support to their juniors and pay scant attention to production or to the accomplishment of responsibilities [48], they either choose not to intervene in the day-to-day functioning of subordinates or completely avoid their responsibilities as superiors, and are therefore unlikely to build any relationship with their subordinates [35]. The key factor that distinguishes laissez-faire leaders from other leaders is that they abrogate their leadership responsibilities by being absent [36]. In other words, leaders are not involved in the work of subordinates, and their involvement in decision-making within the organisation is minimal [35]. However, despite the careless behaviour of laissez-faire leaders, it can be suitable in a situation where employees are capable and motivated to make their own decisions that are in line with goals of the organisation and where there is no condition for essential harmonisation [49].

3. Supply Chain Leadership

SCL contributes to the enhancement of functioning implementation, consumer-supplier relationships, and sustainability in innovation [26]. As contemporary businesses have become more sophisticated, Sukati, Hamid, Baharum, and Mdyusoff [50] assert that the development process in business has been characterised by product lifecycles that are shorter and more interconnected and interdependent, as well as by the introduction of varied products. SCL is therefore identified as a potentially significant concept due to its influence on sustainable innovation and competitiveness, but it is yet to emerge as a distinct field of scholarly research [25]. SCL requires an awareness of risks and unforeseen business challenges associated with sustainable innovation and competitiveness, as well as knowing how to deal with these challenges in a decisive manner. Naturally, top enterprises regard supply chains as barricades defending them against uncertainty, and they aggressively and consistently assess or even reconfigure their extensive supply systems to prepare for future economic changes [51]. Those companies tend to achieve advanced sustainable innovation and competitiveness both within and across the plan, source, manufacture, delivery, and return functions, but also in collaboration with sales and marketing and product management administrations in lines of businesses [52]. Grosspietch and Brinkhoff [53] argue that SCL is one of the most difficult yet also one of the most crucial factors for delivering and sustaining impact, and therefore successes in SCL discipline relies heavily on sustainable innovation and competitiveness that distinguish the world's best management [54]. What differentiates these leaders from other leaders is that they seek to move beyond organisation's challenges [55]. In this way, SCL encompasses the entire value chain. Effective supply chain leaders consistently engage with key stakeholders in the business to drive sustainable innovation and enhance competitiveness.

4. Supply Chain Management

SCM is still considered a noteworthy and innovative field of research, as it stresses interactions among uncommon areas, mainly marketing, logistics, and production [56]. Many businesses make use of SCM to expand production [57] and gain a competitive advantage [58]. However, the SCM phenomenon is once again at crossroads in the age of Industry 4.0 or fourth industrial revolution (4IR) with the rapid expansion of information-led technologies [58]. There is, therefore a need for SCM to develop an adequate solution to mitigate these developments [56]. Successful companies are those which consistently improve their performance and successfully manage supply chain activities in the face of technological advancements, and they are therefore regarded as supply chain leaders. Mehrjerdi [59] asserts that leadership must fully comprehend SCM and the merit that it can bring to the company's bottom line. Overall, companies classified as supply chain leaders constantly outperformed their non-supply chain leader fellows in areas such as accountancy-based costs and activities, as well as liquidity ratios [60]. Globally, these companies seek to explore SCM and SCL to improve revenue growth. Grosspietch and Brinkhoff [53] suggest that successful companies are aware that excellent SCM is a competitive advantage and therefore adapt their businesses accordingly. As a result, SCM has been recognised by organisations as a necessary business function and, if correctly implemented, it may lead to a competitive advantage [61]. In addition, supply chains need to incorporate strategies that improve the organisations' ability to react to unstable fluctuations in the marketplaces while also improving environmental instability, in terms of both degree and variability [62]. All companies must therefore develop supply chain approaches that are adaptable to the marketplace [55]. Ultimately, SCM has increasingly become a source of competitiveness as smarter supply chains are inclined to use their knowledge and advanced analytics to identify greater customer segments and tailor their offerings accordingly [63].

5. Sustainability in Innovation

The uncertainty of current business conditions combined with increased competitiveness has pushed companies to find fresh approaches of functioning [64]. Similarly, in an era of heightened competition, a company's biggest challenge is to determine how to break the status quo and achieve lasting dominance [65]. Business success is therefore dependent upon innovation and sustainability. Innovation is connected to creating an understanding amongst stakeholders within an organisation and ensuring better communication between different organisations [66]. It is company's capacity for innovation that leads to change in the environment, solutions to challenges, and necessary actions [67]. Sustainable innovation must occur in order to achieve this important global agenda of transformation [68]. Sustainable innovation can therefore be defined as continuous performance improvement coupled with the implementation of new products, processes, or practices with a reduction of elements that are negative on the impact of the firm's activities [69,70,71,72].

The three phases of innovation include exploration, exploitation, and diffusion. Exploration relates to the development of new alternatives and therefore focuses on the idea of pursuing knowledge more fervently than before [73]. Activities associated with exploratory innovations are often risky, as they generally require more financial investment [74] and are often radical innovations that aim to serve present and future customers [74]. Firms that focus on exploitation pursue less new knowledge in the present moment than in the past [73]. Exploitative innovations are incremental in character with a focus on the needs of existing consumers [74]. Generally, activities linked to exploitative innovations offer less risk and

require little investment, which leads to new, adapted products [74]. To compete on a technological level, firms will need to balance their exploitative innovation portfolio with some exploratory activities, because failure to explore new technology entirely may result in out-of-date processes and products that ultimately do not meet client demand [74]. Lastly, diffusion represents the scale at which innovations are implemented by customers or consumers and come into common use [75]. Diffusion occurs when the system of users makes it possible for them to acquire knowledge about new technology and to share information and opinions among themselves as potential users through the available communication channels [76]. This process, as MacVaugh and Schiavone [76] assert, occurs progressively within one market. Furthermore, it occurs in systems that are complex in nature where networks connecting system members are overlapping, multiple, and complex [75].

Several investigations in innovations studies have confirmed significant connections between innovation attempts and implementation of these innovation in companies. The two approaches to innovation, closed and open innovation, can be merged through the forming of appropriate plans in a market environment of exchange and connectedness [77]. Thus, while close innovation is focused inside the company and it is the responsibility of the employees to attain the sufficient level of quality, open innovation, in contrast, leans towards bigger and more visionary innovation and less task-oriented [77]. However, companies from developing economies ought to execute plans and make efforts that are strategically directed at open innovation to solve their innovation problems [78]. The effectiveness of open innovation is recognised in several industries and various types of enterprises, even though it is not always the most practical approach [79].

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