



3rd GLOBAL CONFERENCE on BUSINESS, ECONOMICS, MANAGEMENT and TOURISM,
26-28 November 2015, Rome, Italy

Crisis management practices and approaches: Insights from major supply chain crises

Stavros T. Ponis^{a*}, Athanasia Ntalla^b

^a*Heroon Polytechniou 9, Zografos, Athens, 15780, Greece*

^b*Heroon Polytechniou 9, Zografos, Athens, 15780, Greece*

Abstract

Recent market trends, such as outsourcing and globalization, have made supply chains more exposed to disruptive external incidents, such as catastrophic man made events and natural disasters. Globalization favors the expansion of the supply chain across national borders; a fact that can transform even much smaller incidents to organizational crises (Manuj & Mentzer, 2008). More and more, stakeholders are being implicated in contemporary supply chains and when a crisis occurs it has to be faced timely, otherwise the consequences can get out of proportions (Randall & Farris, 2009). Lately, organizations try to make proactive planning to enhance decision making in the time of a crisis, but still no specific guidelines, either from literature or practitioners, exist about supply chain crisis management (Hittle & Leonard, 2011). In this paper, we try to identify specific processes and practices that make enterprises successfully confront supply chain crises or drive them to failure by studying major crises incidents as reported in the literature. In doing so, indicative case studies are studied and the business practices are examined, analyzed and discussed.

© 2016 The Authors. Published by Elsevier B.V. This is an open access article under the CC BY-NC-ND license (<http://creativecommons.org/licenses/by-nc-nd/4.0/>).

Peer-review under responsibility of the Organizing Committee of BEMTUR- 2015

Keywords: Crisis; Supply Chain Crisis Management; Case Study

1. Introduction

Today's unstable society is facing more and more unforeseen catastrophic events; be it natural disasters, such as the more recent Nepal earthquake, the Haiyan typhoon in Philippines (Ntalla & Ponis, 2014), or man-made disasters,

* Stavros T. Ponis. Tel.: +30-210-772-2384; fax: +30-210-772-3571.

E-mail address: staponis@central.ntua.gr

such as the Gaza war taking place, which have increased the need for companies to confront them, while at the same time preserve their economic stability (Kahraman, 2008), safeguard their corporate reputation (Koronis & Ponis, 2012) and remain knowledgeable (Ponis & Koronis, 2012a) and resilient (Ponis & Koronis, 2012b). Definitions of crisis are present in the literature and vary extensively depending on the scientific field of origin. Crisis may be used to describe the urgency for response due to a specific incident or a simple change in certain facts (Rongier et al., 2012). More often, crises refer to man-made incidents and the term disaster is used to describe natural phenomena (Mukhopadhyay, 2005). The impacts of crises and disasters are usually considered as catastrophic and affect fundamental structures of a certain system. If the consequences are indeed harsh, urgent and crucial decisions have to be taken (Rosenthal & Charles, 1989). In this paper both terms are used interchangeably and initial definitions are provided in the text that follows.

Natural disasters are unpredicted phenomena, such as floods, storms, earthquakes that can cause severe damages to areas and, consequently, major disruptions and shortages to supply chains. For example, an earthquake may disrupt routes on the road or make certain supply or demand areas inaccessible. The current trend of globalized supply chains has made firms even more exposed and vulnerable to natural disasters (Smith & Pettley, 2009). Technological disasters refer to the failure of systems that are created by humans and can be categorized to industrial, pipeline, transport and structural hazards (Alexander, 2002). Incidents as fires, release of toxic substances and materials or explosions cause both environmental and infrastructural damages which disrupt a specific node of a supply chain. Finally, willful crises come as a result of man-made incidents and are categorized to terrorist and crowd incidents. Terrorist incidents may include explosive devices, hijacking or keeping hostages, whereas crowd incidents may be demonstrations, riots or strikes. Similarly, such crises can disrupt the normal flow of a supply chain. According to Perrow (2007), man-made crises with no ill intent fall within the technological crises category.

In this paper, we study supply chain crises as events that cannot be foreseen and may cause disruptions to the supply chain network. Events related to management such as the sudden raise of prices of specific key components or a supplier delivering poor quality products or failing to keep up with agreed time schedules and deadlines, are considered not relevant.

2. Methodology

The research presented in this paper builds upon the assumption that all types of supply chain crises can provide insights about the response actions of a supply chain after a crisis occurs, actions that may assist the firm's quick recovery after a crisis or may even make things worse. The first step of the study was the case study selection by reviewing the existing literature. Cases of companies leading or participating in a global supply chain network were selected first and second, the sample was further trimmed down to include large multinational corporations. In the end, nine case studies are assessed in this paper, all of them being large manufacturing global firms that faced a supply chain crisis. The second step of the analysis was the identification of the major operations and attributes that each firm used to create a dataset of characteristics. This dataset can provide indications about the decision making, that firms can use before and after the crisis to survive (Hittle & Leonard, 2011). In order to assess the case studies, secondary data were used by scientific and recognized publications as well as documentation from reports and news, describing the incident, the operating environment and the firm's strategy before and after the crisis. The secondary data were mostly based on scientific publications and in the case of missing information, websites and blogs were reviewed to deliver a complete and holistic picture of each case study.

Since the research presented in this paper is descriptive and exploratory in nature, content analysis was used as the major tool for analysis. The information attained from the case studies is grouped in the following categories to analyze the techniques that were used before and after crisis: (a) the case study profile (company, type of crisis, how the company was affected, impact of crisis and the final outcome), (b) the company's strategy before crisis, (c) the company's strategy after the crisis occurred and (d) the critical processes that led to the final outcome and impact of the crisis.

Download English Version:

<https://daneshyari.com/en/article/980569>

Download Persian Version:

<https://daneshyari.com/article/980569>

[Daneshyari.com](https://daneshyari.com)