

Supply Chain Challenges and Their Implications for Business Strategies: A Small and Medium Sized Enterprises Perspective in Lithuania

The purpose of the article is to find out patterns of interdependency, in terms of opportunities targeted and strategies deployed, between current supply chain challenges and business strategies of small and medium sized enterprises in Lithuania. The research starts with the theoretical analysis of the problem, then the results of an empirical study on supply chain challenges faced and business strategies undertaken by small and medium sized enterprises in Lithuania are presented. At the end of the article conclusions and further research suggestions are formulated.

Keywords: supply chain challenges, business strategy, small and medium sized enterprises, Lithuania.

Šio straipsnio tikslas yra nustatyti tarpusavio priklausomybes tarp naujų tiekimo grandinės iššūkių ir verslo strategijų, kurias, atsižvelgdamos į iššūkius, įgyvendinti imasi mažos ir vidutinės įmonės Lietuvoje. Tyrimas pradedamas nuo teorinės problemos analizės, tada pristatomi atlikto empirinio tyrimo rezultatai, kuriuose atskleidžiama su kokiais tiekimo grandinės iššūkiais susiduria Lietuvos mažos ir vidutinės įmonės ir kokių verslo strategijų, atsižvelgdamos į iššūkius, jos imasi. Straipsnio pabaigoje formuluojamos atlikto tyrimo išvados bei galimų ateities tyrimų kryptys.

Raktiniai žodžiai: tiekimo grandinės iššūkiai, verslo strategija, mažos ir vidutinės įmonės, Lietuva.

Introduction

In the light of further spreading economic globalization the supply chain management is becoming a central element of business strategies for global level corporations as well as an important challenge for small and medium sized local enterprises. At a time global corporations, while making their strategic decisions, react to global economic development trends and follow

incentives created by markets and or governments, local small and medium sized enterprises are facing increasing concentration in the global market supply pushing them into marginal niche positions. Before economic crisis of 2008 outsourcing in China or other emerging economy was the main trend in supply chain development. Five years after the beginning of crisis, reacting to the home country economic challenges (high unemployment levels,

increase in social responsibility) and increasing costs of outsourcing in emerging economies, new trends in supply chain development are perceived. The emerging divesting of global corporations in host countries and reinvesting into local countries is an indicator of changing global supply chain strategies. In that perspective local small and medium sized enterprises could be facing a set of challenges related to potentially increased competition in their local markets or become a part of global supply chain via supplies to these homes, closer to consumers, coming global corporations.

In that context the research questions is formulated as follows: what supply chain challenges are emerging and how they shape business strategies of small and medium sized enterprises in Lithuania? To answer the research question the aim and objectives of the research were formulated. **The research aim** is to find out patterns of interdependency, in terms of opportunities targeted and strategies deployed, between current supply chain challenges and business strategies of small and medium sized enterprises in Lithuania. **The objectives of the research** are:

- To review literature on current supply chain challenges and their implication for business strategies of small and medium sized enterprises.
- To conduct empirical study on supply chain and business strategy developments in Lithuanian small and medium sized enterprises in 2009–2013.
- To draw conclusion on supply chain challenges and opportunities small and medium sized enterprise in Lithuania are targeting on while deploying their specific business strategies.

The article is organized in the following way. First the literature review is

presented with the focus on supply chain challenges emerging in current business environment and business strategies of small and medium sized enterprises in that context. Then method of the research is presented followed by the presentation of results generated with the method being applied. Finally, conclusions made and future research suggestions are developed and presented.

Literature review

In recent five years world and Lithuania's economies are suffering from economic downturn started in 2008 the consequences of which are still evolving. Local demand contraction is a factor that creates incentives for the small and medium sized enterprises to start or to develop further international business strategy with high probability that they will be relevant even after the local demand rose again (Marcone, 2009). Internationalization process for small and medium sized enterprises often starts from exports (Jones, 2001) as international business strategies undertaken by small and medium sized enterprises are limited by the scarcity of managerial and financial resource (Marcone, 2009; Defee, 2006).

International business performance of an enterprise depends on supply chain management decisions that are relative to international competition and global competitiveness (Poonpol et al., 2010; Anderson et al., 1997). Supply chain management seeks to enhance competitive performance by closely integrating the internal-functions within an enterprise and effectively linking them with the operations of suppliers, customers and other supply chain members to be successful

(Otchere et al., 2013). The supply chain is „...highly nonlinear, shows multi-scale behaviour, has a structure of spanning several scales and evolves and self-organizes through a complex interplay of its structure and function” (Surana et al., 2005) or it can be defined as a set enterprises directly linked by one or more of upstream and downstream flows of products, services, finances and information from a source to a customer (Mentzer, 2001). Supply chain strategy must be aligned with overall business strategy. There are two major supply chain strategies: one focusing on operational excellence and the other – focusing on customer closeness (Morash, 2001). A study carried out by A. Morash (2001) revealed that demand side capabilities of customer service and quality tend to be more important for supply chain success than supply side capabilities such as cost, productivity and delivery. In that context, with the three forces that are changing the supply chain management: proliferation of customer needs, shifts in the balance of power within the supply chain and changing strategic priorities (Anderson et al., 1997), it is expected that, in the demand driven markets, the greater bargaining power is concentrating in the downstream supply chain activities. However, it is argued that the power concentration is linked less to competitive advantage and more to enterprise ability to move value to its part of the supply chain while making themselves less replaceable, establishing themselves as guarantors of quality in the eyes of customers and leveraging their control over customers (Jacobdes, MacDuffie, 2013). In such context supply chain management seeks for internal and external integration of the flows of materials, information and funds at the same time extending traditional competitive

priorities, such as quality, cost, delivery, flexibility and innovation, to areas such as globalization, risk, and sustainability (Sanders et al., 2011). The latter requires also a shared value system or a certain culture that dictates commitment, trust and reciprocal respect (Muller et al., 2011). The sustainability of product chain (through management of whole product life cycle) is another sustainability challenge to be dealt with by small and medium sized enterprises where additional expertise and new information needs are limited (Vermeulen, Rar, 2006).

Supply chain integration can be defined as the extent to which all activities of an organization, its suppliers, customers, and other supply chain members are integrated together (Narasimhan et al., 1998). It has a positive impact on business performance and it provides benefits to the business such as information sharing, cost effectiveness, sustainable competitive advantage, customer satisfaction, business renovations, business process modelling, financial performance and others (AlSagheer et al., 2011). Supply chain integration can be realized only if the members of the supply chain work together (cooperate) on the basis of collaborative mutual beneficial relationships (Baleanu et al., 2009). Supply chain integration passes through five stages starting from starting point (organizing a supply chain), going through functional and internal integrations, external integration towards strategic integration, i.e. towards increasing interdependency among supply chain processes and members (Christopher, 2005; Melnyk et al., 2009). Higher levels of external integration (including strategic integration) are characterized by increased logistics related communication, greater coordination of logistics activities

with those of suppliers and customers and more blurred organizational distinction between the logistics activities of the enterprise and those of suppliers and customers (Stock et al., 2000; Handley, Benton, 2013). There are six main groups of obstacles that inhibit supply chain transformation towards strategically integrated supply chain: lack of strategic visibility and alignment; shortage of talent management and leadership in the field of supply chain; limited models for supply chain optimization, risk minimization and cost; lack of process orientation with information sharing and integrating measures; underdevelopment of relationships and lack of trust; and limitations of existing methodologies of supply chain network design, including optimization and real time information and visibility (Melnyk et al., 2009; Speier et al., 2011). Supply chain integration faces challenges of big market uncertainties, inability to co-ordinate several activities and members of supply chain; moreover, customers demand for better quality, higher level of service and reduced prices (Otchere et al., 2013; Baleanu et al., 2009; Evrard-Samuel, 2008; Mishra, 2011; Morrya, Dwivedi, 2009).

Global supply chains are dynamic complex systems. Their dynamic nature creates ongoing need for its members to adapt as the environment changes (Defee, 2006). The direction and speed of change is often driven by a member whose bargaining power is strongest even if the shift from adversarial relationships to increasingly cooperative and collaborative are becoming more common (Whipple, Frankel, 2000; De Toni et al., 1995). In that context small and medium sized enterprises can be placed at a disadvantage as having limited bargaining power among supply chain members. Small and

medium sized enterprises may need extend their capabilities to be successful in those supply chains by undertaking non-equity strategic alliances (clusters, other non-equity cooperation forms; Defee, 2006; Danese et al., 2009). Non-equity strategic alliance is a mode of foreign market entry that provides the possibility to increase the control over quality of products produced and services rendered that allows the enterprise to achieve higher returns at the same time sharing the risks. Compared with other modes of foreign market entry (exporting, licensing, franchising, wholly owned subsidiary) evolving from lowest (exporting) towards highest degree of control, cost and risk (wholly owned subsidiary), non-equity strategic alliances seems to be the optimal mode in terms of small and medium sized enterprises managerial and financial resources. Creating e-clusters as well as traditional ones, as forms of non-equity strategic alliances, are challenges for small and medium sized enterprises as they do not have capabilities and resources in terms of staff, capital and technology to manage cluster creation processes (Danese, 2009).

Increasing global cooperation, vertical disintegration and concentration on core competencies have reshaped business environment into networks of trust, where information must be shared in transparent manner (Ahlstedt, Hameri, 2004; Kumar et al., 2013). In those global networks of trust small and medium sized enterprises can add value to their supply chain members' relationships by acting in a trustworthy manner in case it has attitudinal fit with those members (Mishra, 2011). Trust, cooperation and proper information flow are pillars that strengthen buyer-supplier relationship within supply chain and support sustainability of supply chain

(Mishra, 2011; Kumar et al., 2013; Chen, Poulraj, 2004). Supply chain members-leaders starts emphasizing the enhancement of supply chain processes in order to satisfy customers faster than their competitors and generate value for themselves as well as for all the members of their supply chain (Morya, Dwivedi, 2009). At the same time local networks of suppliers can guarantee flexibility and speed of supplies (Chiarvesio et al., 2010).

Supply chain flexibility is becoming a central issue in the strategy of small and medium sized enterprises. Volatile markets, highly aware customers, customized products, short product life cycle and short time lead to uncertainty (Kumar et al., 2013; Schnetzler et al., 2004). That challenge can be coped with greater flexibility that reflects the ability of a system to respond rapidly to changes occur inside and outside the system (Garavelli, 2003). Time to market is becoming more and more important. That is supported by those findings that enterprises place more importance on consistency (quality and delivery) and the least importance on price while selecting supplier (Choi, Hartley, 1996; Blackburn, 2012). Supply side cost minimization (in terms of lower cost of suppliers) can result on poor product quality, longer lead times, additional supply chain costs and dissatisfied customers (Omar et al., 2012).

It was supposed that from 2009 till 2013 price driven / strategically decoupled supply chain would transform into value-driven / strategically-coupled supply chain (Melnyk et al., 2009). That transformation implies the challenges for supply chain management in the future: the need to cope with supply chain disruptions (Stock, 2009) and supply chain risk (Blos et al., 2010); the leadership within

the supply chain (power balance within the supply chain); the importance to manage the timely delivery of goods and services; the need to innovate by drawing on the capabilities of the supply chain; and the need to implement appropriate information exchange technologies to increase supply chain visibility (Melnyk et al., 2009; Maruchek et al., 2011).

Method

For the purpose of the research analysis of business cases derived from daily business and economy oriented newspapers was envisaged. The method used for business case analysis was content analysis that is a qualitative research technique. The directive and summative approaches of the content analysis method were integrated. Analysis started with theoretical findings as guidance for initial keywords for their search in electronic databases of newspapers selected. Summative approach was applied to count and compare the contents of articles, and interpret them in a specific context.

Two Lithuanian newspapers were selected for the search of business cases: "Verslo žinios" and "Ekonomika.lt". These two were selected with the aim to focus on informative articles relatively free of subjective interpretation and generalization. The electronic data bases of articles for the period from January 1, 2009 to April 30, 2013 was decided being relevant for the purpose of the research as all these articles appeared after the beginning of the world financial crisis of 2008. Five keywords were applied for the search of relevant articles in electronic databases: supply chain, supply chain system, supply, export, challenges (see Table 1). The selection of these

Table 1

Search keywords and results of search in the databases

Search keywords entered	“Verslo žinios”	“Ekonomika.lt”
Supply chain	27	30
Supply chain system	123	153
Supply	236	344
Export	1589	928
Challenges	176	106
Total:	2151	1561

Source: created by the author.

keywords relies on theoretical analysis made. *Supply chain*, *supply chain system* and *supply* keywords were chosen to select articles on supply chain developments in small and medium sized enterprises. *Export* keyword was chosen to select articles on international business strategies and *challenges* as a keyword was chosen to select articles on challenges of enterprises in a context of post crisis global supply chain developments. The selection of these keywords relies on theoretical analysis made.

Total amount of articles found using predefined keywords was 3712, where 2151 were found in “Verslo žinios” database and 1561 – in “Ekonomika.lt” database. Using the keyword *export* 2517 articles were found, out of which 1589 in “Verslo žinios” database and 928 – in “Ekonomika.lt” database. In total 57, 276, 580, 282 articles were found using respectively *supply chain*, *supply chain system*, *supply* and *challenges* keywords, where in “Verslo žinios” database – 27, 123, 236 and 176 and in “Ekonomika.lt” database 30, 153, 344, 106 of them.

The second stage of articles selection was aimed at selecting articles aimed at description of the cases of supply chain and business strategy developments in international post-crisis context in concrete small and medium sized enterprises. Only 136 articles out of total 3712 articles

were selected for further analysis and were grouped into nine groups according economic activities of enterprises being described in articles. Those economic sectors (activities) were: agriculture and food industry; information and communication sector; manufacturing of furniture; transport, storage and communications; construction; manufacture of medical products (drugs); retail trade, except motor vehicles; print houses; and other industries. There were 44 articles on agriculture and food sector business organizations, 13 – on transport and storage, 12 – on manufacturing of furniture, 11 – on information and communication sector, 7 – on manufacturing of medical products (drugs), 7 – on retail trade, except motor vehicles, 6 – on construction sectors, and 31 on other sectors enterprises.

The third stage of articles selection was aimed at finding in articles the elements of their content on supply chain, business strategies development and their interdependence. The level of predefinition of the content analysis was low. Total of 28 content elements were identified in the articles and they were grouped into five groups each of them covering different supply chain and business chain development elements revealing enterprises incentives in each of these business areas. These five groups were: strategy, supply

chain, operations, investments, products. In parallel of that analysis content elements on challenges were analysed and grouped the nine groups according its relevance to a specific economic sector.

Results

Content analysis of the articles reveals that the main focus of small and medium sized enterprises in Lithuania after 2008 is on investments into capacities increase (frequency (of mentioning) – 35 out of 136 cases; see Table 2) and the incentives to proceed with these investments come from external markets and the active export strategies applied by small and medium sized enterprises. The increase in capacities is aimed at satisfying external markets demand. Small and medium sized enterprises in agriculture and food sector, other industries and transport sector are among those indicating that they are investing into capacities (frequency respectively is 15 out of 44 cases in agricultural and food sector, 9 out of 31 cases in other industries and 5 out of 13 cases in transport sector). Quality of operations resulting in good quality products is a second the most frequently mentioned feature among enterprises (frequency – 17 out of 136 cases). Lithuanian small and medium sized enterprises believe having quality as a competitive advantage. Selling their own brand products and orientation towards higher value added products and services as well as selling services instead of products are the strategic decisions enterprises are undertaking with regard to last years economic situation and development in global supply chains (frequency respectively – 15, 14 and 9 out of 136 cases). Lithuanian small and medium sized

enterprises continue providing outsourcing services (frequency – 11 out of 136 cases), invest into optimization of business processes (frequency – 8 of 136 cases) and express believe in their competitive advantage linked to their comparatively good positions to provide quick supplies within regional supply chains (frequency of mentioning – 8 out of 136 cases). Clusterization and cooperation as forms of strategic alliances is an option envisaged by very few (frequency – 2 out of 136 cases) enterprises but perceived (frequency – 9 out of 136 cases) as a challenge in order to participate in international supply chains and sustain international strategies in quest for big markets.

Small and medium sized enterprises indicate envisaging forward vertical integration, backward vertical integration, concentration, and market extension strategies (frequency respectively – 6, 5, 5, and 5 out of 136 cases). Just in three cases product line extension decision are being envisaged (frequency – 3 out of 136 cases). Other strategic options, such as business portfolio diversification, horizontal integration, are marginal (frequency respectively – 1 and 1 out of 136 cases). These strategic orientations reveals rather obvious believe in the main business perspectives and the incentives to reduce risks of supply chain by envisaging vertical integration. Strategic alliances in a form of clusters or cooperation is still a challenge for small and medium sized enterprises that probably limits their potential of international strategies and further integration into international supply chains.

The integration of Lithuanian small and medium sized enterprises into international supply chains passes through intermediaries (frequency – 3 out of 136 cases). There are three cases (out of

Table 2

Results summary table

	Agriculture and food sector	Transport, storage and communications	Manufacture of furniture	Information and communication sector	Manufacture of medical products (drugs)	Retail trade, except motor vehicles	Construction	Print houses	Other industries	Total:
<i>Total number of cases</i>	44	13	12	11	7	7	6	5	31	136
Strategy										
Concentration	3						1	1		5
Business portfolio diversification							1			1
Market extension			2	3						5
Product line extension	1								2	3
Horizontal integration						1				1
Backward vertical integration	3					2				5
Forward vertical integration	3					1			2	6
Strategic alliance (clusters, cooperation)	5			1	1	1			1	9
Supply chain								1		1
Potential for shorter supply chains								1		1
Potential for longer supply chains	1									1
Export through intermediaries	1		1						1	3
Export through developed logistic system	2		1							3
Operations										
Quality	4	1	3		1		1	3	4	17
Time			2				1	1	4	8
Flexibility			1						2	3
Cost	1		1		1					3
Investments										
Investments into capacities (including operations automation investments)	15	5	2		3		1		9	35
Investments into sales capacities	1		1							2
Investments into optimization of business process	4		3		1					8
Investments into employees									3	3
Investment into custom relationships		1							4	5
Product										
Selling own brand products	7		1						7	15
Providing outsourcing services	5		1						5	11
Purchasing outsourcing services			1				1			2
Product standardization			1							1
Selling services instead of products	2			2	2		1		2	9
Selling full package of products and / or services		1	1				1	1	2	6
Higher value added products and services	7		2						5	14

Source: created by the author.

136 cases) where the development of own logistic system for exports are envisaged, however, these cases reveals rather the interest in it than real potential of enterprises. The evidences on potential of shorter or longer supply chains for small and medium sized enterprises in the context after the crisis are marginal (frequency respectively – 1 and 1 out of 136).

There is an important emphasis on quality and lead time as objectives to be met by the operations in small and medium sized enterprises and as well as a competitive advantage developed already, but it needs to be further sustained and to be benefited from (frequency respectively – 17 and 8 out of 136 cases). Flexibility and cost features of operations are still relevant, however, their strategic importance is relatively modest comparing to quality and time features of operations in small and medium size enterprises in Lithuania (frequency relatively – 3 and 3 out of 136 cases).

Enterprises are mainly envisaging investments into physical assets (building new plants), including automation. Investments into business process optimization are important. Even if investments into custom relationships are mentioned (frequency – 5 out of 136 cases), in real terms just in one or two cases these investments are envisaged while in other cases these investments are mentioned as a challenge and potential not yet discovered within small and medium sized enterprises. Investments into employees and those in to sale capacities are rather limited (frequency respectively – 3 and 2 out of 136 cases).

The importance of selling own brand name products and higher value added products are product strategic orientation undertaken by small and medium size

enterprises in Lithuania even if provision of outsourcing services for foreign companies still is rather common business among enterprises (frequency – 11 out of 136 cases). Just a few enterprises are envisaging the purchase of outsourcing services (frequency – 2 out of 136 cases). There is a tendency to develop services and sell services instead of products and that can come up in a form of certain packages. These developments are supporting the development of products strategies towards higher value added production and creating more sophisticated products individually or in clusters.

The analysis of supply chains and business strategies developments at sectoral level reveals that enterprises of agriculture and food sector undertake concentration, backward and forward vertical integrations (frequency respectively – 3, 3, and 3 out of 44 cases on agricultural enterprises) and express the need for strategic alliances (clusters, cooperation) in order to meet export demands from big international markets (such as Russia and even China; frequency – 5 out of 44 cases). Supply chain development issues are not stressed in the cases (frequency: potential of longer supply chains – 1, exports through intermediaries – 1, and export through developed logistic systems – 1 out of 44 cases). Export through developed logistic systems is envisaged by enterprises as an alternative in the future to be investigated. Lithuanian agriculture and food sectors enterprises express confidence in their quality (frequency of mentioning – 4 out of 44 cases). They believe producing historically tested high quality products appreciated by Russian customers, however just simple commodities for western European export markets. The importance of other elements of operations (time, flexibility and cost) in

the context of post crisis business environment is not stressed (frequency: time – 0, flexibility – 0, and cost – 1 out of 44 cases). These enterprises are investing into capacities with the aim to satisfy demand for their products exports (frequency – 15 out of 44 cases on agricultural enterprises). It is mentioned several times that local market demand for their products is met and for further development of business investments into capacities are or have to be envisaged. Optimization of business operations is also very important challenge enterprises are coping with and are investing into (frequency – 4 out of 44 cases). Investments into sales capacities, employees and custom relationships are not being undertaken by agriculture and food enterprises (elements not mentioned in cases, except for investments into sales capacities which mentioned once among 44 cases). The importance to develop and sell their own brand products as well as those of higher value added are strategic priorities undertaken by enterprises (frequency respectively – 7 and 7 out of 44 cases), even if incomes generated through providing outsourcing services are still important to them (frequency – 5 out of 44 cases). Selling services instead of products is the orientation that is rather new strategic undertaking for these enterprises and remains in its first stage of development. Purchasing of outsourcing services, product standardization and selling whole packages and services are decisions not mentioned in cases on agriculture and food sector.

Transport, storage and communications sector enterprises are investing into capacities (frequency – 5 out of 13 cases on that sector enterprises). Marginally mentioned quality, investments into custom relationships and selling packages of products and services in these 13 cases on

transport, storage and communications sectors (frequency respectively – 1, 1, and 1 out of 13 cases). Other supply chain and business strategy elements are not mentioned in these cases.

Enterprises of manufacture of furniture are envisaging market extensions strategies (frequency – 2 out of 12 cases on furniture manufacturing enterprises), are convinced about their quality (especially in Russian market and western European market) and time as competitive advantages, invest into capacities building, business process optimization and higher value added products (frequency respectively – 3, 2, 2, 3, and 2 out of 12 cases). The rest of elements on supply chain and business strategy are not mentioned in the cases on enterprises of manufacture of furniture.

Market extension is a strategy being undertaken by information and communication enterprises (frequency – 3 out of 11 cases on that sector enterprises), they starts orienting them towards selling packages of products (frequency – 2 out of 11) and services. Just one successful clusterization case is mentioned among cases on information and communication enterprises.

Producers of medical products express their intentions to invest into capacities building and to develop the sells of services instead of products (frequency respectively – 3 and 2 out of 7 cases on medical products manufacturers). The clusterization, quality, cost and business process optimization decisions undertaken by enterprises are mentioned (each mentioned once among all cases on medical products producing enterprises).

Backward vertical integration is mentioned being undertaken by retail trade, except trade in motor vehicles enterprises (frequency – 2 out of 7 cases) as well as

horizontal integration, forward vertical integration and clusters (frequency – once each out of 7 cases).

The cases on construction sector reveal concentration, business portfolio diversification, confidence in quality and time patterns of operations, capacities development incentives, purchase of outsourcing services, selling of services instead of products and orientation towards selling products and/or services packages being undertaken. All these undertakings are marginal as are mentioned once out of 6 cases on construction enterprises.

Lithuanian print houses seem to be competitive in term of their quality (frequency – 3 out of 5 cases on print houses) and time (time of delivery; frequency – 1 out of 5 cases). It is mentioned that print houses finds opportunities in shorter supply chains. However, it is marginal observation as it is mentioned just once. Concentration as strategic orientation and selling of product and/or services packages are two other elements marginally mentioned in the cases.

In all other cases, which weren't reckoned among specific sector group enterprises, investments into capacities development and selling own brand products are the most frequently mentioned strategic undertakings (frequency respectively – 9 and 7 out of 31 cases on other industries). Orientations to production of higher value added products, focussing on selling services instead of products and product and / or service packages are expressed (frequency respectively – 5, 2, and 2 out of 31 cases). Providing outsourcing services is still rather important business for enterprises of other industries (frequency – 5 out of 31 cases). Together with the investments into capacities building, enterprises are investing into custom

relationships and their employees (frequency respectively – 4 and 3 out of 31 cases). Quality and time are the main features of operations (frequency – 4 times each out of 31 cases), however, flexibility is that third feature important for operations (frequency – 2 out of 31 cases). Enterprises in other industries are undertaking product line extension, forward vertical integration strategies, and refer to clusterization as a step taken towards greater integration in sectors (frequency respectively – 2, 2 and 1 out of 31).

The analysis of cases, in terms of supply chain challenges being expressed in their content, reveal that agricultural and food sector small and medium size enterprises are suffering from long lasting disagreements between supply chain participants, namely farmers and food industry organizations (see Table 3). That historically (from soviet time collective farming) rooted negativity towards cooperation is an extractive element within all food supply chain and could be perceived as an element that supports the tendency to export raw materials. Food industry, coping with the challenge, imports more raw materials and undertakes backward vertical integration strategies. At that context clusterization is also a challenge to be met. The extractivity of food supply chain creates the problems of traceability of products along all supply chain and division of responsibility for quality. The lack of trustfulness of suppliers, which is also expressed as a challenge, can be linked with the need to diversify suppliers in order to minimize the dependency on specific suppliers. Logically all these issues are indirect expression of the risk of managing supply chain that is also a challenge to be coped with. Challenges for investments are perceived as potential

Table 3

Results on challenges

Agriculture and food sector	Long lasting disagreements between farmers and food industry organizations
	Exports of raw materials
	The development of clusters
	Traceability of products along all supply chain
	Limits of automation
	Investments into sales capacities
	Limited options to develop own logistics
	Risk of managing all supply chain
	Trustfulness of suppliers
	Diversification of suppliers
	Division of responsibility for quality in a supply chain
Transport, storage and communications	Breaking global supply chains
	Export slowdown
	Export of raw materials
Manufacture of furniture	-
Information and communication sector	-
Manufacture of medical products (drugs)	-
Retail trade, except motor vehicles	-
Construction	Guarantees of all supply chain - traceability of responsibility
	Trustfulness of suppliers
Print houses	-
Other industries	E-commerce
	Finding the right niche
	Limited investments into customer relationships
	Preserve direct contact with customers
	Limits of automation
	Transport costs
	Increasing nationalism in export countries
	Breaking global supply chains

Source: created by the author.

limits for automation of business (production) processes and for the development of own logistics as well as non-familiar for the majority enterprises investments into custom relationships.

In the cases on transport, storage and communications sector small and medium sized enterprises there is a breaking global supply chain challenge identified which is linked to the shift towards medium and short supply chains that

supposed to be more time and cost effective. Potential export slowdown is a challenge for transport, storage and communication enterprises as well as export of raw materials, i.e. export of low value products.

Guarantees of all supply chain and traceability of responsibility, trustfulness of suppliers is a challenges being mentioned in the cases on construction sector enterprises.

In cases on other industries e-commerce, finding right niche, transport costs, limits of automation, limited investments into customer relationships, preserving direct contact with the customer, increase in nationalism in export countries and breaking global supply chains are the challenges perceived and to be coped with by enterprises.

There are no specific challenges found in the cases on manufacture of furniture, information and communication sector, medical products manufacture and retail trade, except motor vehicles, print house small and medium sized enterprises.

Conclusions

The theoretical analysis made revealed that supply chains are converging toward greater integration level that implies more coordinating and collaborating activities within the supply chain members. The coordinating of the supply chain usually can be absorbed by the leader of supply chain maintaining biggest bargaining power and concentrating the highest value added within the same supply chain. Small and medium sized enterprises in order to benefit from supply chains could seek for clusterization among them and develop trust-based relationships within the supply chain. Clusterization could help them to undertake forward vertical integration that, individually, could be limited by their scarce financial and managerial and technological resources. Quality and delivery speed as well as flexibility are competitive advantages small and medium sized enterprises can employ while entering specific supply chains.

The empirical analysis of supply chain challenges and their implications for

business strategies revealed that Lithuania's small and medium sized enterprises seem to be benefiting from the current global supply chain tendency to emphasize the consistency of supply chain members in terms of quality and delivery. Even there are no global Lithuanian corporations, Lithuanian enterprises seem being benefiting from recent trends in global supply chain developments, where European market supplies shifted from far located emerging countries suppliers to closer located suppliers with still relatively competitive costs of supplies. Lithuanian small and medium sized enterprises being confident on their quality and the ability to manage fast deliveries are reflecting the set of criteria for supplier selection in global supply chains. Still providing outsourcing services, Lithuanian small and medium sized enterprises are shifting their product strategies towards higher values added their own brand product development and seek for service delivery instead of products. These product strategies are not so strongly supported by investment strategies. Investment strategies are mainly oriented towards upstream supply chain activities whereas to support their own brand product strategies, more investments into custom relationships would be needed. Small and medium sized enterprises are undertaking backward and forward vertical integration strategies, strive for market extension and have confidence in concentration strategy. The real potential coming from cooperation within global supply chain is still locked into due to the lack of managerial, financial, technological and cultural competencies to create and manage clusters that can become a real enabler to create higher value added within whole supply chain.

The theoretical analysis of supply chain challenges and their implications for business strategies revealed that a systemic and complete empirically based analysis of supply chain challenges and their implications for business strategies are missing. Further theoretical analysis is needed.

The method applied for the research has its own limitation and results generated must be interpreted with caution. Qualitative content analysis method applied relies at a significant extent on the subjective interpretations of the researcher and that is a threat to trustworthiness of final results. Furthermore, the reliability of the sample is under question as it relies on business cases being chosen to

be published in newspapers by their reactors and it is not a targeted sample. The analysis of supply chain challenges and business strategies on sectoral level is limited due to the lack of representative business cases on specific sectors.

For further investigation the comparative analysis of supply chain challenges and business strategies before and after the economic and financial crisis could be undertaken. The in depth theoretical analysis of changing supply chain challenges and their implication for business strategies would be needed. Sectoral approach for that analysis would be valuable in order to discern sector specific product cycle management issues and their links to business strategies.

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Eglė STONKUTĖ

IŠŠŪKIAI TIEKIMO GRANDINEI IR JŲ POVEIKIS VERSLO STRATEGIJAI: MAŽŲ IR VIDUTINIŲ ĮMONIŲ PERSPEKTYVA LIETUVOJE

S a n t r a u k a

Globalizacijos kontekste tiekimo grandinės valdymas tampa pagrindiniu verslo strategijų elementu globalioms verslo korporacijoms ir svarbiu iššūkiu vietinėms mažoms ir vidutinėms įmonėms. Tuo pačiu metu, kai globalios korporacijos priima strateginius verslo sprendimus atsižvelgdamos į globalios rinkos tendencijas, rinkos ir valstybių reguliavimo paskatas, vietinės mažos ir vidutinės įmonės susiduria su koncentruota globalia rinka, verčia jas tenkintis marginalinėmis rinkos nišomis. Prieš 2008 metų ekonomikos nuosmukį dominavo sutartys su tiekėjais iš sparčiai besivystančių šalių, tokių kaip Kinija ir kitos. Praėjus penkeriems metams nuo nuosmukio pradžios, atsižvelgiant į savo šalies ekonomikos iššūkius (didelį nedarbo lygį, didėjančią socialinę atsakomybę) ir tiekimo sąnaudų didėjimą sparčiai besivystančiose šalyse, stebimos naujos tiekimo grandinės vystymosi tendencijos.

Globalių korporacijų investicijų besivystančiose šalyse atsisakymas ir investavimas į savo vietines šalis rodo besikeičiančias tiekimo grandinės tendencijas. Šioje situacijoje mažos ir vidutinės vietinės įmonės gali susidurti su padidėjusia konkurencija savo vietinėje rinkoje arba integruotis į keičiančias konfigūracijas globalias tiekimo grandines. Straipsnio tikslas yra nustatyti tarpusavio priklausomybes tarp naujų tiekimo grandinės iššūkių ir mažų ir vidutinių įmonių Lietuvoje verslo strategijų. Tyrimas pradamas nuo teorinės problemos analizės, tada pristatomi atlikto empirinio tyrimo rezultatai, kuriuose atskleidžiama su kokiais tiekimo grandinės iššūkiais susiduria Lietuvos mažos ir vidutinės įmonės ir kokių verslo strategijų, atsižvelgdamos į iššūkius tiekimo grandinei, imasi. Straipsnio pabaigoje formuluojamos atlikto tyrimo išvados ir galimos naujų tyrimų kryptys.