

*LEIBNIZ INSTITUTE OF  
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# **Grasp of Goals: Successful management of supply chain networks in the agribusiness of Central and Eastern Europe**

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**“Unclear definition of common goals and lack of agreement upon them are the main reasons why 50 per cent of all interorganizational projects in supply chains fail.”**

**Brinkhoff and Thonemann (2007)**

- **Verticalization of agribusiness in CEEC → formation of food supply chain networks (SCN)**
- **Driving forces → advances in technologies, end consumer requirements, demand for inter-firm trust, quality aspects, etc.**
- **SCN → strategic, goal-oriented networks**
- **Coordinated → focal company, e.g., Tesco, Metro, Nestle**
- **Chain management → solution of cooperation and coordination problems at the firm and network levels**

### Problem

- Main focus by scholars is on firm-level goals in networks
- But → firms and firm-to-firm relationships are subject to be influenced by the overall set of relationships, i.e. by networks (Mitchell, 1969)
- Poor conceptualization and understanding of network-level goals

### Objective

- Elaboration on goals of supply chain networks
- What are the goals?
- How do goals affect chain management?
- How are goals considered by the food chain management in CEEC?

## Network-level goals

- common goals which can be achieved only if all the network members work to achieve them, e.g., food safety, supply of organically produced food, etc.
- set by the focal company in most cases
- create initial conditions for collaboration; serve as an integrating mechanism; reduce motivation-related problems

## Firm-level goals

- single firms want to achieve for themselves by entering the network, e.g., access to market, increase in sales, etc.
- must be addressed to avoid losses or even the network's collapse

## Interrelatedness of network-level goals and firm-level goals

- **Complementary / compatible goals** → facilitate the achievement of each other because they are positively related to each other, e.g., quality certification at the network level and learning at the firm level
  - Preconditions → organizational and cultural similarities between firms
- **Conflicting / divergent goals** → constrain the achievement of each other because they are negatively related or unrelated to each other, e.g., installation of electronic data interchange at the network level and cost minimization at the firm level
  - Preconditions → structural differentiation, divergent interests

SCN can only be successful if **both, network-level goals and firm-level goals** are achieved to a satisfactory level and in the absence of serious conflict

### Managerial implications

- Address network-level goals, i.e., goal commonness explicitly
- Ensure compatibility among network-level and firm-level goals
  - Consider organizational, strategic and social differences between actors
  - Facilitate integration process, i.e., the alignment of interests and actions

### Research implications

- Address firm-level and network-level goals simultaneously to analyze relationships within food supply chain networks



### Interviews with 15 agribusiness experts concerning Russia and Ukraine

#### Findings

- Network goals are mostly recognized by foreign investors, mainly by retailers and food manufacturers acting as focal companies in SCN
- Network-level goals are set with relation to chain quality, i.e. firms address partner reliability, customer responsiveness as common goals
- Higher compatibility among firm-level goals of suppliers and network-level goals is achieved via promotion of suppliers' general cooperativeness, reputation gains and private quality standardization
- Complementary goals are communicated continuously
- Conflicting goals are often resolved via use of coercive power (e.g., sanctions) that aggravates goal incompatibilities

**Thank you for your attention!**