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# GLOBALIZATION OF ECONOMIC FLOWS, THE CONCEPT OF THE SUPPLY CHAIN AND THE CONCEPT OF THE CORPORATION

**Miodrag Cvetković**[1]

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**ABSTRACT**

*The concept of the supply chain and the concept of the corporation exist in parallel today. The supply chain concept, unlike the corporate concept, is the concept of networking and/or integrating activities and processes from the most distant suppliers to end users in order to effectively deliver value to end users, which is the result of strategic thinking. The supply chain concept is based on the horizontal organization and integration of activities and processes with external partners, on the sharing of information, on a win-win strategy; the concept of the corporation is based on a vertical hierarchical organization within the corporation, on the "financialization" of all its operations and the creation of profits in commercial transactions with the environment and partners to be defeated. In globalized business conditions, these characteristics of both concepts become even more pronounced. Outsourcing and offshoring are business initiatives that are characteristic of both, the supply chain and corporations, and that can connect these two concepts, where the basic motives are different – value creation in one, or profit maximization in the other concept.*

**KEYWORDS**

*supply chain, globalization, corporations, outsourcing, offshoring*

## INTRODUCTION

The environment in which modern companies operate is increasingly a supply chain environment in which relations between members and partners are based on knowledge of the fragmented (segmented) market, on partnership and cooperation, and, at the operational level, on common information about specific demand. It is a form of association where joint management of strategic values, organization and flows, on the basis of coordination and sharing of information, where knowledge and experience are connected in certain structures and technologies are connected by routines of integrated processes. The goal of such a partnership and organization through the supply chain is to acquire and maintain a strategic, competitive position on the final consumption market and continuous improvements to the overall value stream and business process. For every enterprise in the supply chain, with the help of supply chain efficiency, synergistic effects and sustainable profitability should be achieved.

In a traditional corporate organization partners in business and transactions are mutual competitors in the division of assumed profits, because profits are realized only in the final consumption market. The

[1] Administration of Leskovac city, Leskovac, Serbia, cvetkovic.miodrag@gmail.com

corporation is internally focused and vertically organized with the help of a complex hierarchy where tasks and resources are assigned to functional parts or divisions and top down control is achieved.

In the globalized conditions and flows of the economy, the concept of the supply chain and the concept of the corporation coexist. In such conditions, a focus on markets and products can bring strategic positioning and sustainable profitability as a reward for creating value for end users. Grown corporations, with complex parallel programs and different technologies, still motivated above all by profit, i.e. profit maximization, strive to diversify their business around the world, and to control all business from one center. This creates numerous problems not only for companies, but because of their financial power (and often because of speculative business), and global economic problems. Involving external partners through outsourcing and offshoring can be a way for corporations to transform, but it also requires a change in the motives of their business initiatives, and better communication with the environment.

# CREATION AND INTRODUCTION OF THE SUPPLY CHAIN CONCEPT

The term "Supply Chain" was first coined and defined in Houlihan's article in 1988. Houlihan's definition from 1988 is sufficiently detailed and comprehensive, and "conceptual", that even today nothing in particular needs to be added to it, let alone taken away (Houlihan, 1988), "International Supply Chains: A New Approach," Management Decision): (Mentzer et al., 2001)

1) The supply chain is viewed as a unique process. Responsibility for different segments in the chain is not fragmented and relegated to functional areas such as production, procurement, distribution and sales.
2) Supply chain management requires, and finally depends, on a strategically made decision. "Supply" (to markets) is a common goal of virtually every function in the chain and is of particular strategic importance because of its impact on total costs and market share.
3) Supply chain management calls for a different perspective on inventory, the use of which is a balancing mechanism of the last, not the first, solution (the starting point).
4) The need for a new approach to the system - integration, rather than interfacing.

According to other sources, the concept of supply chain appeared even earlier, in 1982: Companies should manage inventory as a single chain of supply across all parts of the entire organization (Keith Oliver, Financial Times) (Cooke, 2014). The emphasis on inventory has persisted in all subsequent definitions, which is a confirmation that inventory is the most significant indicator of operational level efficiency, just as the aspect of service and satisfaction is a key indicator for the strategic level. "A supply chain is also a network of capacities (funds and skills) and distribution options, which perform the functions of acquiring materials, transforming these materials into semi-finished products and finished products, as well as distributing final products to consumers" (Hugos, 2011).

Today, the supply chain is seen, on the one hand, as a system in which the activities of transforming materials and information into products that customers are looking for take place, and on the other hand, as a network of relationships between different companies. Michael Hugos points out Mentzer's definition of supply chain management: Supply chain management (SCM) is the systemic and strategic coordination of traditional business functions and tactics through the business functions of individual companies in the chain and through supply chain operations, with the aim of long-term improvement of company and supply chain performance. Hugos then gives his own definition which reads: "Supply chain management is the coordination of production, inventory, locations (locating) and transportation between supply chain participants to achieve the best mix of responsiveness and efficiency in order to serve the market" (Hugos, 2011).

Achieving the best performance of customer satisfaction, competitiveness and business results at the highest level is not possible today through the policy of an isolated company. Competition is no longer between companies, but between their supply chains. The final consumption goods market is not usually reached by producers, but by their supply chains, which leads the partners in the supply chain to work together and to win-win relationships and outcomes, rather than mutual competition and divergent opportunistic interests. In this sense, initiatives to create or improve supply chain performance must start from the perception of value emitted by customers. "The focus of supply chain management is on co-operation and trust and the recognition that, properly managed, the 'whole can be greater than the sum of its parts'... The definition of supply chain management is: The management of upstream and downstream relationships with suppliers and customers in order to deliver superior customer value at less cost to the supply chain as a whole" (Christopher, 2011.).

With the changes in the environment in the last few decades, integrated supply chain management has become a separate strategic component, and the supply chain is an "operational response" to strategic needs and a "strategic enterprise asset", or, simply, the creation of a supply chain is the implementation of a competitive strategy companies. If the company's competitiveness strategy is not implemented through the operating system, then it is only a declarative statement. Also, the operating system cannot be created consistently and expediently if it is not strategically oriented and coordinated with partners.

There are two basic, generic strategies of the company's competitiveness - "product differentiation" and "cost leadership strategy", which are implemented through the supply chain system. However, in today's market of high competitiveness and dynamic changes, these two types of competitive strategies, as dominant, are not realized in such a pure form in practice, they have become more complex and connected in a specific way. The cost leadership strategy is based on the goals of eliminating redundant activities and operational efficiency and adding value thereby. A product differentiation strategy also relies on the process of enriching the core product offering with supporting services. "Consumers purchase products based on a combination of cost, quality, customer service, availability, maintainability, and reputation factors, and then hope that the purchased items satisfy their requirements and expectations. Companies, along with their supply chains, that can provide all of these desired things will ultimately be successful" (Wisner et al., 2023).

Values for both strategies can be provided only by a certain configuration of activities and an efficient process of the entire supply chain. "Strategic positioning sets trade-offs that define how individual activities will be configured and integrated. Only by looking at the strategy through the system and configuration of activities does it become clearer why the organizational structure, systems and processes must be (strategically) specific. Adapting the organization to the strategy, in turn, makes competitiveness more achievable and contributes to sustainability... Continuity encourages improvements in individual activities and alignment of different activities, allowing the organization to build unique capabilities and skills adapted to its strategy. Continuity also strengthens the company's identity" (Porter, 2000). Continuity actually means permanence and stability of strategy values, not static goals.

Alignment of supply chain activities with the company's competitive strategy and customer/consumer needs is defined by the supply chain strategy. In fact, it is only with the concept of the supply chain that Porter's corporate competitiveness strategies gain real significance. Supply chain strategy represents the implementation of competitiveness strategies. It connects and harmonizes the functional technologies and complementary core competencies of the company, the structure of activities, processes, resources, locations and capacities of the supply chain with the conditions and requirements of the environment and the market. Management in the supply chain takes place primarily through performance management of activities and processes. Every enterprise in the supply chain aims to improve its performance through partnerships and the use of outsourcing, and through the rational and effective use of internal capabilities and limited resources. The supply chain strategy will establish the strategically important desired strategic performance relationship of responsiveness and/or efficiency. "The goal of the supply chain strategy is to establish a balance between responsiveness to consumer needs, and efficiency that fits into the competitive strategy." To achieve this goal, the company must structure the right combination of logistics and cross-functional performance drivers. The combined impact of these drivers then determines the response and profitability of the entire supply chain. Most companies start with a competitive strategy and then decide what their supply chain strategy will be. Supply chain strategy determines how the supply chain should operate in terms of efficiency and responsiveness" (Chopra, Meindl, 2013).

The most important operational performance of the supply chain is time cycles and control of inventory levels, which should be aligned or put in the right relationship in order to achieve both, product availability, and economy. In operational functioning, the supply chain, not a single company, provides information on demand dynamics, as well as on inventory status in all forms and phases. On these bases, the "pull" concept of the organization was created - a system of pulling by demand, as opposed to a "push" system - "pushing" products onto the market without clear information about real demand. Originally, a "pull" system means that processes are not started until there is no demand. What is particularly important for the application of these two approaches is the combination in the course of the business process itself: in the upper, upstream streams, an efficiency strategy can be applied with the application of stock aggregation methodologies in raw materials or semi-finished products; in the downstream flow, elements of the strategy of responsiveness and the pull system of the organization can be applied or used, which opens up the possibility of product differentiation, production according to varieties (e.g. in the fashion industry), and complete customization of products according to the specific requirements of customers through delayed finalization (postponement strategy). "The right relationship between responsiveness and efficiency allows supply chain growth while simultaneously reducing inventory and operations costs" (Hugos, 2011).

# GLOBALIZATION AS THE BROADEST CONTEXT OF ECONOMIC FLOWS

With the development of the globalization process, the competition has become global. With the advent of the Internet and other information technologies (social networks, etc.), the coordination of work and communication at the world level has been greatly simplified, and the market has become accessible to everyone. Information technologies have greatly improved logistics technology and logistics processes. Logistics services have reached a level of efficiency that was unimaginable until a few decades ago. In conditions where competition is global, the key issue of competitiveness for large global companies is the time that should be shortened as much as possible in the supply of raw materials, production and distribution, i.e. the path from cheap production to rich and large markets, and to take advantage of the advantages of global presence. "A global company seeks to achieve a competitive advantage by identifying world markets for its products and then developing a production and logistics strategy to support its marketing strategy" (Christopher, 2011). In recent decades, especially large corporations in their global affairs "discovered" logistics as a necessary tool to connect their global affairs - global supply of inputs, production, distribution and sales, and thereby achieved, or at least significantly improved, operational performance, especially time performance.

In the new globalized conditions, global business is personified by multinational companies. They use "comparative" resource advantages – financial and technological supremacy (often corruption), and natural resources and cheap labor of poorer countries, and then trade around the world. This globally integrates factors of production and markets, and centralizes profits to the detriment of underdeveloped countries. Therefore, multinational companies are supranational institutions that consider national borders as an incident and limitation of their own definition and identity (Drucker, 1986). Global and multinational business was not imposed on companies, but, on the contrary, they imposed it due to their ambitions (with the help of international institutions as their sponsors) through neoliberal doctrine and deregulation of the economic systems of countries around the world.

Globalization and business expansion of large corporations took place to a large extent in the form of outsourcing - external provision of activities. "In their report The End of Cheap Chinese Labor, published in the Fall 2012 Journal of Economic Perspective, economists Hongbin Li, Lei Li, Binzhen Wu and Yanyan Xiong noted that at the start of China's economic reforms in 1978, the annual earnings of a Chinese worker were is only US$1,004. That was only 3% of the average wage for American workers at the time. By 2010, the average annual salary of a Chinese worker, according to the China Statistical Yearbook, was US$5,487 and China has become a middle-wage country" (Cooke, 2014).

In the first half of 2009, about 33 percent of US apparel imports were from China" (Chopra, Meindl, 2013). During that period, American companies came to China and left as the wages of employees rose, and many stayed either returned, or moved to Vietnam and Cambodia due to the still cheap labor, and the proximity of China and India, which were fast growing markets due to rising discretionary income.

In any case, multinational, global companies will always deal with their corporate interests, combining commercial and financial transactions, allocating capital around the world, creating for many countries short-term surpluses, or deficits in the balance of payments and trade after withdrawal, which in itself brings uncertainty and instability. This approach to management, where cost reduction through low wages and cheap raw materials is always taken into account, in order to achieve higher profits, or through mass availability through all distribution channels, is essentially counterproductive and degrading for the function of innovative management of the enterprise as a social institution.

Globalization is not the immediate cause or the real reason for the emergence of supply chain concepts and practices. That reason was added subsequently with the change in the business environment when many supply chains acquired the attribute of "global". In the conditions of globalization, traditional marketing and communication tools can still be defined according to products (product lines), according to customers and market segments, according to territories, according to tasks (eg standard products and promotion of innovative and new products). The only problem is how to connect all these elements into rational and effective flows, to which the global logistics and distribution profession should contribute. "The globalization of the industry, and therefore the supply chain, is inevitable. However, to enable the potential benefits of global networks to be fully realized, a broader supply chain perspective must be adopted" (Christopher, 2011). The driver and real reason for creating an authentic global supply chain, while respecting the concept, is the need to manage and control the entire value chain flow of growing companies and to achieve a strategic, competitive position on a globally segmented market, which is not a negative phenomenon in itself. The bad neoliberal practice of the corporate model has led to negative phenomena at the global level. What's more, the largest corporations supported and encouraged deregulation, which can be defined as the removal of economic sovereignty, the state, which opened the way for the greed and unethical behavior of big capital.

# CONCEPT OF CORPORATION VS SUPPLY CHAIN CONCEPT

The supply chain concept (and SCM) ignores the corporation because it is the opposite concept: a corporation is a hierarchical organization that assigns budget and financial and other goals to business units through authoritarian, top-down communication, and that insists on hiding information, trade secrets, and profits. The evolution of the corporation was from a functional to a divisional organization rather than a supply chain. The supply chain is, on the contrary, a cooperative organization (association) that insists on market values, on integrating activities and creating and accelerating processes in the delivery of value, on exchanging or sharing information and interorganizational coordination of decisions. However, with the concept of corporate governance, in many companies, there is still resistance to restructuring and full implementation of the SCM concept at the level of special programs of strategic business units. Key decisions in many companies are still centralized to the extent that during frequent acquisitions, the strategic business unit itself (management and employees) is the last to learn that it has been sold.

Drucker described the processes and practices of corporate decentralization since the 1950s primarily as assigning autonomous jobs to parts of the company with centralized control, calling that process federalization, i.e. federal decentralization (Du Pont Company, General Motors and General Electric Company). Decentralization took place on the basis of the centralized imposition of goals - which goals should be achieved by the organizational unit (division), based on which activities are determined and resources and capacities are allocated for those jobs and tasks, supposedly autonomous units. "All Sears stores, regardless of size or location, have, for instance, a store controller, an operations manager, and department heads for major merchandise areas such as appliances. All GM manufacturing divisions have the same seven key functions: engineering, manufacturing, master mechanic, purchasing, marketing accounting, and personnel, with the head of each reporting directly to the division's general manager. In a federally organized structure, each manager is close enough to business performance and business results to focus on them. He is close enough to results to get immediate feedback from business performance on his own task and work" (Drucker, 1986). So it is an internal focus, not a strategic focus on the market.

In their strategic dilemmas in the last few decades, traditional multinational companies that have become global, decentralize and allocate their capacities considering first of all the dilemma - cheap labor and other resources, or the proximity and environment of consumers and the growth of the discretionary income of the population in developing countries. It is not a dilemma between the concept of the value chain and the normally associated profit, it is usually a rough calculation about the profit: is it more profitable to use cheap labor and other resources of distant countries, or proximity to the market, speed of market entry and sales growth, where they are significant factor in transportation and other logistical costs that can negate the benefits of the first phase.

A company with a corporate-type global supply chain passes none of the huge savings to consumers on the basis of cheap labor, cheap raw materials and energy, appropriating all the profits from such circumstances, and still covering up numerous irrationalities in its organization. The only thing that a global company must deal with most seriously in these conditions is the complex issue of logistics, because logistics costs can almost cancel out all the effects and benefits of technological supremacy, cheap labor and other resources.

In such corporations there must be a "supremacy clause" reserved for central management and for decisions affecting the overall business and long-term welfare. This enables the central management to overcome local ambitions and pride in the common interest. Specifically, there must be three areas reserved for top management: which technologies, markets and products to go into, which companies to start and which to leave, and finally, what are the core values, beliefs and principles of the company. In addition, top management must reserve control over the allocation of capital and key resources, as well as the right to appoint management and assign responsibility to autonomous managers. Corporate management can make decisions about key prices and ranges, about the necessary assortment, and the like. The traditional English system in which the executive directors of the board, i.e. regular members of the top management, usually the heads of the main departments and subsidiaries, results in the fact that there is neither top management nor decentralization. Basic decisions are either not made or are made by compromise and trade between department heads, so capital and resource allocation decisions very rarely change (become traditional) (Drucker, 1986).

This kind of organization of the corporation can hide problems with the overall result of the corporation. It is still an internally focused and even too decentralized and fragmented system in which all parts correspond to the top management based on an imposed organization, and far from decentralization based on external, strategic needs and according to the criteria of the researched market (selected market segments to be served) and adequate operating system. In fact, it is about the fact that autonomous companies or strategic business units are not yet assigned enough "strategic things" to dispose of, they are primarily assigned end-to-end operational tasks.

After the 1970s, there was a lot of research that dealt with the problem of company size, the problem of (de)centralization, (in)coherence and diversification of jobs and business. As a key issue of corporate management, the issue of coherence of parallel or successive programs is raised. In that sense, "firms are coherent to the extent that their constituent businesses are related to one another... In many cases, however, diversification is a straightforward consequence of micro-level diversity in the demands of the buyer population... Thus the sequence is generally for firms to begin as a single product and subsequently become multiproduct, rather than the other way around... A firm's coherence increases as the number of common technological and market characteristics found in each product line increases. Coherence is thus a measure of relatedness. A corporation fails to exhibit coherence when common characteristics are allocated randomly across a firm's lines of business" (Teece et al., 1994).

Business diversification is the sphere of the corporate model of managing various programs, while focusing (on product and market) is the sphere of enterprise and market segment management and a form of specialization and strategic positioning. In general, the diversification of a corporation refers to the company's various businesses and the goals of business coherence, primarily from the perspective of profit, the engagement of excess of various resources or the reduction of transaction costs. Focusing refers to products and product lines connected by the same market and most often related or the same basic technologies. Proving that parallel or "conglomerate" businesses and multiple programs of corporations can be coherent, with synergistic effects, is not very successful. A firm will succeed if it is connected to external factors, to the commodity market, with or without a "corporate parent", and not because of parallel diversified businesses.

Ambitiously created diversified businesses of corporations, with a complex hierarchical management structure, or ambitious acquisitions, quickly proved unsuccessful in many cases. The sluggishness of the organization was shown rather than efficiency and vitality. "Certainly in the standard textbook on microeconomic analysis of firms there is usually nothing to explain why firms are diversified, let alone the nature of their diversification.... Thus the conglomerate ITT was put together by Harold Geneen, only to be dismantled by his successors. Similarly, Richard Ferris put together the Allegis Group, starting with United Airlines, only to have it undone months later by his successors" (Teece et al., 1994). The authors of this article (exact research) also conclude: "An understanding of the corporate coherence of its validity would, on the one hand, tend to support our view of the firm as a package of technical and organizational competencies ... We also view the hollow corporation (bound only by contracts) as an organizational mutation" (Teece et al., 1994).

Proving the alleged effectiveness of diversified jobs based on technical and organizational competencies, without comparing them with the effects of an alternative, strategically focused and market-determined organization, is not very useful, rather it can be misleading.

Finally, the effects of diversified business could be significant until the middle of the last century, when it was important to be organizationally and technically competent and productive and to engage capital and resources, because the demand was constantly growing. In the conditions of increased competition, fragmented and highly diversified demand of narrow market segments, complex companies with related businesses in different industries and in different markets simply became sluggish. They lack the ability of strategic focus and knowledge of the market, improvement in what the company (enterprise) constantly and best does, operational readiness and focus on current information to continuously act operationally, as well as the values of a unique organizational culture.

A single corporation with diversified businesses cannot evolve a supply chain starting from its previous internal unity and focus. In order to create a supply chain (or several supply chains), restructuring and re-engineering is required, which will consistently link SPJ to the market and external partners with whom integrated processes are created, "from scratch". A supply chain is an externally process-linked and integrated structure purposefully organized to create a value stream for customers and consumers, for someone outside the system. The supply chain concept is a call to corporations for true market-driven reengineering.

Apart from these organizational management techniques and models, the problem of the legitimacy of corporate goals also appears. Pure professionalism and technocratism of management can be the basis for full legitimacy of multinational companies. Legitimacy can only be given by value management goals created for someone outside the corporation. Global society, through all organizations and institutions, proclaims the principles of humanity, equality, progress and well-being for all, but it is debatable whether this is always the case in practice, or whether it is the "populism of the ruling class". (In fact, it is often evident that this is not the case). In this sense, the legitimacy of social organizations and financial institutions and multinational companies is sought on the basis of proclamations.

In practice, that legitimacy (often also legality) still has to be constantly monitored - is the behavior correct, is it moral? "What managers should accept as legitimate authority is the principle of morality... that's why the rhetoric of 'profit maximization', 'profit motives' is not only antisocial, it is immoral... The principle of morality must be based on the goals and characteristics of the organization and in the nature of the institution itself... This is the purpose of the organization and therefore the basis of management authority: to make human work productive... Thus personal power brings social benefit. This can be the basis for legitimacy" (Drucker, 1986).

# OUTSOURCING AND OFFSHORING INITIATIVES

Outsourcing and offshoring are business segments that can link the concept of the supply chain and the concept of the corporation and corporate governance, although the motivations for these practices are not identical.

Outsourcing can be defined as the outsourcing of activities with firms outside the supply chain management system. The development of cooperation between companies in the form of outsourcing (Business Process Outsourcing, BPO), from a supply chain perspective, is a significant implication of

Porter's value chain theory, which requires that for each activity it must be determined whether it is performed in a competitive manner. If this is not the case, then it is better to entrust those activities to partners who specialize in it, and who will do it cheaper and with better quality. In contrast to vertical organization and integration of processes, when all tasks in process flows are performed within the company (in sourcing or in-house), the practice of outsourcing means that the company assigns some tasks to subcontractors whose specialties and core competencies are those tasks.

Many non-core activities that were performed within the company were a big problem decades ago, because, in a closed internal system, they were performed with poor quality and with high costs and slowed down the process. The companies did not succeed in bringing these activities under control, because they were engaged in their most important activities. For the corporate approach, it was important to make a profit in the final result. Only in recent decades has it been realized that these, essentially secondary, although necessary activities, create major problems and costs in business processes on various grounds. In the processes of reengineering and re-examination of the value chain, in the 1990s, the world's most inventive companies began to free themselves from this burden in a dramatic way, ceding those activities to other companies in other industries, specialists for those jobs.

A characteristic of classic outsourcing (which can also be international) is that the company that engages the outsourcing company has no right, nor ambition, to manage the performance of the process or other segments of that company, as is the case with other partners in the supply chain: the subject of the contract is only the agreed quality , quantity and dynamics of deliveries. For some industries and in many cases, outsourcing is of the greatest strategic importance: it converts fixed costs into variable costs (Cox et al., 2003) because there is no need to build capacities that, in addition, may be underutilized, and with outsourcing, production costs are tied to sold products and as a liability to suppliers, and then, outsourcing companies can also bring new technological solutions (Intel in the electronics industry, for example).

International outsourcing is developing particularly intensively with the development of telecommunications infrastructure. At the beginning, American companies transferred some parts of production and routine work to Mexico or the Far East, primarily because of lower production costs. Today, however, many office and administrative-analytical tasks are outsourced to specialized firms in China, India, and the Philippines. Those companies have a worldwide reputation as specialists, they work with quality and cheaply.

You should also keep in mind the difference between foreign outsourcing and offshore jobs. Offshore companies are established in countries (usually "tax havens") that primarily have cheap labor and special tax treatment. Foreign outsourcing, due to the above reasons (low input prices in poor countries), can be considered extensive outsourcing, in contrast to classical outsourcing, which finds its motives in improving the performance of operational efficiency of the supply chain and improving technology and quality. The outsourcing calculation is simple: the focal company simply pays for the work done and does not get involved in management. In offshoring, the focal company manages the facilities as if it were its own and bears all operating costs and fixed costs of the facility. In relation to offshoring, outsourcing in a business sense carries less risk because there are fewer hidden costs, because management risk is not actually assumed. Quality, quantities, prices and deadlines are agreed upon. Offshore has more complicated communication and thus increased inventory and other hidden costs covered by the parent company.

Today, outsourcing is a source of business improvement and innovation, as well as supply chain agility. Outsourcing providers are best-in-class providers and contribute significantly to improved performance and competitive advantage (Click, Duening, 2005.). At this level of development of the supply chain concept, it can still be concluded that outsourcing is not the essence of the supply chain concept, but indirectly it is. It is a matter of one company, not a supply chain which is a complex structure.

Companies have their own rational reasons and decide for themselves how they will ensure certain activities and realize the performance of the products and processes they perform. The reasons are: lack of capacity, better quality, lower costs or lack of own expertise and skills. The outsourcing company is outside the supply chain management system and also outside the management system of the ordering company. These are close partnership relationships, but mostly on a transactional level, that is, it is a transactional, more or less long-term business that has its own price and values.

# CONCLUSION

The concept of the supply chain and the traditional concept of the corporation that still exists today are two models and two views of business. A supply chain is a horizontal process structure whose specific configuration creates certain, specific values for end users. A corporation is a vertical hierarchical organization with often diversified operations and parallel programs from which capital owners, creditors expect to maximize profits and returns. From the 1980s to today, the concept of the supply chain has been accepted without hesitation in theory and practice as a necessity and necessity for economic and social reasons.The essence of the supply chain concept is to create value for someone outside the supply chain system, and the companies involved are then social institutions.

For the same reasons, the concept of corporation and especially corporate practice, which often deviates from the proclaimed principles, is under suspicion. This is especially happening today in the globalized environment when the most powerful corporations have grown and accumulated capital that needs to be engaged and increased at any cost, using the global supply of cheap inputs and the global market. At the same time, a significant part of the business of corporations, regardless of their activity, is related to stock market business and speculative business, which is a potential reason for crises, disturbances and problems at the global level.

Global operations bring advantages and access to strategically focused supply chains, targeting carefully researched market segments. For corporations and conglomerates, the main motives are internal and financial and cost reduction through cheap inputs and mass production. The means involved in the organization and strategy of established supply chains and corporate corporations are powerful information technologies and powerful logistics systems. Of particular importance are outsourcing and offshoring jobs, which each of the concepts and models uses for the reasons mentioned.

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