

# Toward greater integration of insights from organization theory and supply chain management

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## Abstract

Organization theory (OT) has the potential to offer provocative and helpful wisdom to the field of supply chain management, yet OT's potential has remained largely underdeveloped in the supply chain arena. As a result, enormous opportunities exist to integrate insights from organization theory and supply chain management in order to build understanding of why some supply chains excel while others do not. We preview the contributions toward developing such a synthesis offered by each of the articles contained in this special issue. Collectively, the articles take a significant step toward closing the gap between 'what we know' and 'what we need to know' about supply chain management.

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In putting together the call for papers for this special issue, we noted that organization theory (OT) offers a wide variety of interesting and useful perspectives, including the resource-based view, the knowledge-based view, strategic choice theory, agency theory, institutional theory, and systems theory, to name a few. The application of such theories to a phenomenon often provides greater understanding. Yet, to date, researchers interested in operations management in general and supply chain management (SCM) in particular have made limited use of organizational theories. We believe that the theories that are currently guiding organizational inquiry can shed significant light on SCM

research thought and practice as well as function as a bridge between social science areas that are bound to be connected when studying the interdisciplinary phenomenon of supply chains. In particular, application of organization theories might help ongoing debates as well as open up new areas of investigation. Accordingly, the idea behind special issue on *Organization Theory and Supply Chain Management* was to attract papers that would shed greater insights on how organizational theories could help describe, explain, and predict supply chain phenomena (e.g., culture, activities, and outcomes).

## 1. Theories and questions

Going into the process of creating the special issue, we realized that the relevant and important theories are many, and the questions that could be addressed are vast. For example, the *resource-based view* focuses on

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how strategic resources provide organizations with competitive advantages and superior performance (Barney, 1991). From this view, we wonder if certain supply chain practices or characteristics meet the criteria for serving as strategic resources – are they rare, valuable, and difficult to imitate or substitute? If so, to what extent and how do these practices/characteristics create a long-term competitive advantage? The *knowledge-based view* is a spin-off of the resource-based view that centers on how wisdom can act as a strategic resource (Grant, 1996). Applying this notion to the supply chain context raises questions such as: to what extent and how does knowledge exchange facilitate concerted supply chain action and improved outcomes? Also, to what extent and how can knowledge management help international supply chain partners bridge cultural differences?

*Strategic choice theory* emphasizes the role of managers' decisions in organizational outcomes (Child, 1972). In the realm of supply chains, strategic choice could help address key questions such as: to what extent and how do strategic decisions about supply chain activities directly and indirectly shape firm profits and stock price? Also, do generic supply chain strategies exist that parallel Miles and Snow's (1978) typology (defenders, analyzers, prospectors, and reactors), Porter (1980) typology (cost leadership, differentiation, and focus), or the integrated strategy typology by Walker and Ruekert (1987) (prospectors, analyzers, low cost defenders, differentiated defenders, and reactors). If so, under what conditions is each strategy effective?

*Agency theory* seeks to explain relationships wherein one party (the principal) delegates authority to a second party (the agent). Such relations create the possibility of abuse of power by agents (Eisenhardt, 1989), and are found throughout supply chains. Agency theory might help us understand under what conditions a supply chain member is likely to attempt to exploit other members. Further, the theory could guide investigation of the effects of such opportunism on supply chain effectiveness, as well as revealing how opportunism within supply chains can be prevented or minimized.

*Institutional theory* centers on how external forces lead organizational actions (DiMaggio and Powell, 1983). Applied to the supply chain context, institutional theory makes us wonder to what extent should supply chain practices mimic industry best practices versus reflect the participants' unique characteristics. Taking this idea one step further suggests a focus on the contingency factors that shape the needed balance

between best practices and participants' unique characteristics.

*Systems theory* emphasizes the interconnected nature of organizational activities (Ashmos and Huber, 1987). From this view, we wonder to what extent and how does the supply chain level of analysis help explain organizational behavior and outcomes beyond the explanations offered by other levels of analysis, such as the firm, the industry, and the nation? Further, to what extent do well-integrated supply chains represent an 'organization?' When are such chains likely to develop? What are the performance implications of their development? Our expectation was that these six theories and research questions derived from them, as well as other theories and questions, would form the basis for an impressive array of submissions.

## 2. A preview of the articles

The call for papers attracted 46 submissions. Collectively, the submissions attempted to tackle many of the questions posed above, and many questions that we did not anticipate. Following a customary blind-review process involving multiple rounds of review, eight papers were judged as warranting publication in the special issue. Allow us to briefly preview the articles and their main insights for you. The first article is by Raymond E. Miles and Charles C. Snow. These authors are best known for the organizational typology they devised in the 1970s. It is fitting that they lead off an issue on organization theory and supply chain management because they were pioneers in bringing organizational theory to the strategic management area at a time when strategy was dominated by inductive case study research. Miles and Snow's article traces the development of their ideas on supply chains. In terms of theory, their views have evolved from their early emphasis on strategic choice, to a focus on resource creation and deployment, and ultimately to trying to understand the creation of knowledge-based multi-firm network organizations.

Next, Tim R. Holcomb and Michael A. Hitt build much-needed theory about outsourcing. The phenomenon of outsourcing has attracted significant media attention, but little academic research has considered this controversial activity. Like many of the papers in this issue, Holcomb and Hitt's paper integrates multiple theories within the supply chain context. Building on transaction cost theory and the resource-based view, Holcomb and Hitt take important steps toward developing a conceptual model of strategic outsourcing.

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