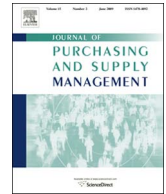




Contents lists available at ScienceDirect

Journal of Purchasing and Supply Management

journal homepage: www.elsevier.com/locate/pursup

Change within purchasing and supply management organisations – Assessing the claims from maturity models

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ARTICLE INFO

Keywords:

Maturity models
Purchasing and supply management practices
Organisational change
Organisational power

ABSTRACT

It is a wide-held assumption that professional development and change within purchasing and supply management (PSM) organisations can be explained and guided by a maturity model. In this paper the guidance which the maturity model concept offers to understand a PSM organisation's performance is assessed. The methodology is based on the outcomes of a literature review of PSM maturity models, development of an organisational change framework and the learning from three qualitative case studies. An alternative understanding of the development of the PSM organisation is offered through an organisational change framework, composing 1) movement transitions, 2) scalability of change, 3) acceptability of change, and 4) the substantive element of change. The research found that extant PSM maturity models are too rigid for PSM managers to apply, and although maturity models are commonly accepted in PSM literature, in practice, they may produce the opposite effect of what is promised. The PSM maturity models suggest that their application will lead to increased status and influence of PSM within the organisation; expectations that may not be met. PSM organisations' change processes are subjected to a range of situational and contextual power relations which must be considered in order to advance the specific PSM organisation roles and responsibilities.

1. Introduction

Over many decades the PSM literature has insistently argued that PSM practices should attract more attention from top management and acquire a larger amount of an organisation's resource allocation. The attention has mainly focused upon developing managerial guidance of how PSM practitioners can accomplish internal change from being an administrative entity to a strategic contributor to the organisation (Lewis, 1946; Ammer, 1974; Ellram and Carr, 1994; Cousins and Spekman, 2003). Maturity models are a common approach to explaining and understanding the professional development required to change and achieve sophisticated PSM practices (e.g. Reck and Long, 1988; Freeman and Cavinato, 1990; Cousins et al., 2006; Schiele, 2007; Tassabehji and Moorhouse, 2008; Van Weele, 2014). Maturity models are also portrayed as leading to the professional level of PSM within an organisation (Rozemeijer et al., 2003; Luzzini et al., 2014) as well as a high maturity level is proposed to increase the probability of successfully implementing new PSM practices (Schiele, 2007). Maturity models have furthermore been applied to describe sourcing activities from a domestic to a global and integrated perspective (Bozarth et al., 1998; Monczka et al., 2006).

In order to explain planned change and approach its environment,

the PSM maturity models address the change processes of PSM practices and professionalism as a rather linear and gradual process (e.g. Reck and Long, 1988; Van Weele, 2014). The PSM literature appears to have accepted the explanatory power of maturity models as there is only a limited amount of literature that goes beyond the maturity model viewpoint (Axelsson et al., 2005; Quintens et al., 2006; Ramsay and Croom, 2008; Van Weele, 2014). Furthermore, studies report that although professionalism in PSM organisations is increasing, it is a difficult process with a number of internal barriers, including the mind-set of PSM practitioners themselves (Morris and Calantone, 1991; Cousins and Spekman, 2003; Tassabehji and Moorhouse, 2008). Is it possible that the guidance to change provided by maturity models is not as effective and straightforward to apply as intended?

In general, organisational change is a consistent and dominant subject in management (Suddaby and Foster, 2016) and change is an ongoing and infinite process of organisational life (Van de Ven and Sun, 2011). However, the organisational change literature is sometimes criticised for missing features that effectively can explain change interventions (Collins, 1998; McDonald, 2015) and lacking theoretical clarity including what is meant by the concept of change (Buchanan and Badham, 2008; Suddaby and Foster, 2016). Also, a significant divide has been identified between academic and practitioner

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<https://doi.org/10.1016/j.pursup.2017.11.005>

Received 15 January 2015; Received in revised form 10 November 2017; Accepted 22 November 2017
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communities dismissing each other's work, little connection between their contributions, and a clear division of how change is described and how it is practiced (Saka, 2003; Pollack and Pollack, 2015). Hence, the PSM literature is not the only management discipline which struggles with the concept of change. Yet, as just described the change concept is a necessary component in order for the PSM literature to advance understanding of its development.

This paper therefore assesses the guidance provided by maturity models in developing PSM organisations and how we are to understand the implications of different change explanations. Specifically, the paper addresses the following questions: (1) how can we understand PSM organisations change processes? (2) how can we understand PSM organisations allocation of resources that should advance its role and responsibilities within the organisation? The two research questions are addressed through a literature review of PSM maturity models, a framework on organisational change literature, and a case study approach comprising three qualitative in-depth inquiries.

This paper, hence, aims to understand 'how change takes place' and the organisational power aspects enabling and/or disabling a PSM organisation to advance its role and responsibilities. This approach is different from other PSM studies of change. For example, recent studies examine the financial performance of mature PSM organisations (Schiele, 2007; Foerstl et al., 2013; Úbeda et al., 2015). Such accounts of change are concerned with knowing that organisational practice B is more effective than organisational practice A. Such accounts tend to ignore *how* to move from A to B (Langley and Tsoukas, 2010; Hernes et al., 2015) and thus ignore the actual change processes of PSM organisations.

According to Spina et al. (2016) theories developed outside of the PSM discipline embody a significant potential for developing the PSM discipline. Accordingly they expect it to become a more established discipline by applying already developed theories in management, economics, and social sciences. For the purpose of this study we will include organisational change theories within management and behavioural sciences. The paper addresses the research call from Schoenherr et al. (2011) incorporating behavioural issues as well as Schneider and Wallenburg (2013) call for more change management in PSM research. PSM maturity models are examined as the extant body of knowledge because they provide the dominant discourse concerning change processes in the PSM field (Cousins et al., 2008; Van Weele, 2014). Maturity is one of many biological metaphors used in the PSM literature which also include 'evolution' and 'development' (Ramsay and Croom, 2008). In this paper maturity is applied as it is the accepted terminology within extant PSM literature to describe and address effective performance of PSM organisations change processes (Schiele, 2007; Foerstl et al., 2013). Although there are a variety of different PSM maturity models they are associated with a range of similarities (Schiele, 2007; Bemelmans et al., 2013; Adams et al., 2016). Based on these similarities, Adams et al. (2016) defines PSM development as "*the process of evolution from an unsophisticated cost-focused action-based function, to a sophisticated form in which purchasing decisions are directly linked to the strategic needs of the firm.*" (p. 3). PSM maturity specifically then is defined as "*the different levels or levels of advancement of this process*" (Adams et al., 2016, p. 3).

In order to examine how extant PSM literature understands change processes, the paper begins with an overview of PSM maturity models. The following section addresses organisational change literature and how to understand different types of change and how change is managed in organisations. This outline facilitates a deeper understanding of the claims held by maturity models and provides the theoretical framing to understand PSM organisational change processes. An empirical account of three case studies is presented as narratives and how the three PSM organisations developed their professional practices and gain authority. Finally, findings, discussion, and conclusion are presented including implications for understanding PSM organisations change processes.

2. PSM maturity models reviewed

2.1. Overview of PSM maturity models

In a PSM context, the argument initiating the discussion of maturity models are enthused by the work of Kraljic (1983) and Van Weele (1984). These authors addressed how to advance PSM professionalism by outlining different ability levels of PSM practices. From an empirical survey of 72 Dutch firms, Van Weele found, that management can view and measure performance of PSM organisations along a continuum from a low clerical level to a high strategic level. Furthermore, Kraljic claimed that buying organisations were burdened with too many routine operations. As a consequence, the PSM organisation did not have the resources to perform strategic sourcing activities. PSM practices should, therefore, advance through a sophistication process moving its focus and resources from routine categories to purchase categories critical to business. Emphasis should be on 'supply management' where purchase categories are associated with strategic items, long time-horizons, and focus on long-term availability. The label 'purchasing management' – low internal value and low supply complexity - on the other hand, encompasses routine categories associated with commodities, functional efficiency, and short-time horizons. Van Weele and Kraljic represent two research streams within PSM maturity model research. Kraljic is a predecessor of the idea of stages of sophistication of PSM practices (e.g. Reck and Long, 1988; Keough, 1993). Van Weele's work is predecessor of research concerned with how to measure performance of a mature (and immature) PSM organisation (e.g. Paulraj et al., 2006; Schiele, 2007; Foerstl et al., 2013; Úbeda et al., 2015).

Úbeda et al. (2015) identify twelve PSM maturity models in the extant literature; however, the exact number depends on the definition and perception of a maturity model. Furthermore, there are examples of work that is built on existing maturity models such as Van Weele and Rietveld (2000) and Van Weele and Rozemeijer (1999) which are adopted from Keough (1993). This model is further applied by Bemelmans et al. (2013) to measure maturity in the construction industry. The maturity models included in this research are based on the criteria of having different stages of PSM practices, the PSM organisation as level of analysis, addressing an integrated final stage, and the PSM's organisational status and performance (Van Weele, 2014; Adams et al., 2016). Some of the maturity models are presented in different outlets but where the model and argumentation around it stays the same. In these cases we have chosen to include only one of the models. Examples of maturity models omitted are Rendon (2008) where the level of analysis is the maturity of the contract management process, Schotanus et al. (2011) focusing on the life-cycle of purchasing groups, and Caniato et al. (2010) developing maturity stages for e-procurement. For a further comprehensive analysis of maturity models see Bemelmans et al. (2013) and Schiele (2007). In Table 1 a list of maturity models from extant literature is provided:

The methods and approaches to study PSM maturity models are dominated by deduction from dominant theory and assembling of stages before or after observations (Schiele, 2007). Most models are presented as conceptual with no empirical test and in particular early work is characterised by being conceptual (cf. Ellram and Carr, 1994). For example Chadwick and Rajagopal (1995) present their model as part of a toolkit to implement PSM practices. Maturity models that apply empirical accounts differ in their approach. The methodology that Reck and Long apply is based on interviews with different organisations at one point in time. The observation is that different PSM organisations vary in sophistication; however, it is the normative part of their work that has gained most influence in the PSM literature by the means of a forceful strategy. Freeman and Cavinato's study is similar to Reck and Long's method as the empirical evidence comes from field interviews in a wide range of industries and locations in the US and Canada with selected personnel from 142 corporate PSM departments. However, Freeman and Cavinato primarily deduce its model

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