



Integrative leadership for effective supply chain implementation: An empirical study of Korean firms

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ABSTRACT

In spite of the plentiful literature on the role of leadership in general, the role of integrative leadership as a critical implementation mechanism for supply chain has been rarely explored. Based on the literature review, this study presents a research model that defines integrative leadership grounded in goal congruence theory. Integrative leadership indicates that the extent to which three senior leaderships – Chief Executive Officer (CEO), Chief Information Officer (CIO) and Supply Chain Officer (SCO) – are congruent with the common goal of supply chain will lead to better supply chain implementation outcomes. Specifically, effective supply chain implementation outcomes are achieved through synergistic information flows enabled by integrative leadership. Structural Equation Model (SmartPLS) is used to test the hypothesized relationships through the use of empirical data of Korean 142 firms. The empirical results provide managerial insight on the impact of integrative leadership on intangible, value-based, and qualitative supply chain management performance goals. Future research issues are discussed as well.

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1. Introduction

Increasingly, firms garner their attention to develop appropriate supply chain strategies for effective supply chain outcomes (Walters and Lancaster, 2000; Cousins, 2005). In spite of such great endeavor, supply chain strategic initiatives often do not succeed. The primary reasons behind this failure are derived from lack of a cohesive and inclusive mechanism for shared goal as well as integration of diverse roles of senior executive leadership for effective supply chain implementation. Prior literature has examined implementation mechanisms for the successful supply chain outcomes in terms of responsiveness (Koste and Malhotra, 1999), socialization (Cousins and Menguc, 2006), flexibility (Sawhney, 2006) and motivation (Linderman et al., 2006). Performance measurement impacts on leadership (Elenkov, 2002; Ukko et al., 2007), performance through leaders' profiles or goal orientation (Kulmala et al., 2009), dimension of strategic leadership, leadership efficiency and leader effectiveness (Hinterhuber and Friedrich, 2002; Byrne and Bradley, 2007) discuss essential roles of leadership on organizational performance outcomes. However, the role of integrative leadership as a critical implementation mechanism for supply chain management has rarely been explored.

This paper discusses how leadership that is congruent with the shared goal among senior executives is essential for enabling members to share strategic information-level information and in turn operational-level information, which lead to supply chain effectiveness. We call such leadership as integrative leadership. This integrative leadership involves highly collaborative and dynamic interactions among the key senior executives toward implementation of strategic initiative such as supply chain implementation in their organization.

This paper explores a primary research question, "What is the effective integrative leadership mechanism for supply chain effectiveness"? Specifically, this article examines integrative leadership that involves the Chief Executive Officer (CEO), Chief Information Officer (CIO) and Supply Chain Officer (SCO). Because of their different positions in the organization, each executive has diverse perspectives and preferences. Thus, the integrative leadership mechanism requires shared motivation of these executives which enable them to work toward implementing effective processes and supply chain performance outcomes.

Based on the literature review, this study presents a research model that highlights the focus of this research. An empirical validation is done through the survey data of 142 Korean firms. This paper is organized as follows. In the next section this study provides a literature review that presents theoretical rationale for the conceptual framework. For the hypotheses development specific research model is presented and the variables are defined. Each hypothesis defines and explains the nature of causal

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relationships between variables based on previous literature support or essential interactive characteristics of related variables. In the subsequent section this study discusses the research methods, analysis and results. The final section presents implications of this research and concluding remarks with a summary of limitations and future research issues.

2. Literature review

This section provides the theoretical rationale of this research aim. Specifically, this study discusses three aspects of effective integrative leadership mechanism in terms of integrative leadership for shared goals, synergistic information flows, and supply chain implementation outcomes. Fig. 1 shows the conceptual framework for an effective integrative leadership mechanism. This study examines how an integrative leadership that is congruent with supply chain goals positively influences the supply chain implementation outcomes.

2.1. Goal congruence: Integrative leadership for shared goal

In the psychology literature, goal congruence is crucial for person-organizational fit and performance outcomes (Vancouver and Schmitt, 1991; Kristof-Brown and Stevens, 2001; Kristof-Brown et al., 2005; Colbert et al., 2008). The more organizational goals are shared among employees, the more employees are motivated. Individual employees are likely to commit to organizations when their preferences are congruent with organizational goals (Bretz and Judge, 1994; Schneider, 1987). Organizational goal congruence suggests that key decision makers of an organization collaborate for shared objectives (Vancouver et al., 1994; Ansoff, 1965; Bower and Doz, 1979; Boswell, 2000). In project team level, shared goals are also powerful motivators for project success (Locke and Latham, 1990; Brett and VandeWalle, 1999; Kristof-Brown and Stevens, 2001). Teams work well with specific, clear and challenging goals that are well-communicated, understood and accepted (Latham and Steele, 1983; Shalley et al., 1987; Hong et al., 2004). Higher and challenging goals lead to better quality coordination and in-process planning among team members (Weingart, 1992). Such goals allow team members to select activities that are relevant to the valued outcomes (Locke and Latham, 1990).

“A high level of consensus in strategy-making is considered to be critical in promoting a unified direction for the firm and enhancing the successful implementation of a given strategy (Dess, 1987, p. 260).” A shared understanding of specific organizational goals among top management team (TMT) members is important for successful organizational performance. A shared understanding among CEOs and their VPs reduces ambiguity

about resource allocation decisions and thus better directs organizational efforts toward achieving overarching goals (Colbert et al., 2008). In the supply chain contexts, increasing complexity of networks poses a huge potential for conflicts. However, as the partnering firms jointly pursue their mutual interests, they would more likely to share relevant information (Jap, 2001; Samaddar et al., 2006). Thus, goal congruence is essential for such knowledge-sharing practices that mitigate the opportunistic behaviors among supply chain partners (Dyer and Singh, 1998; Rauniar et al., 2008; Hong et al., 2011). In this sense, goal congruence is useful supply chain coordinating mechanism that leads to superior outcomes (Roh et al., 2011).

In this paper, integrative leadership is examined from the goal congruence perspective. The sheer effort of top management alone is inadequate to manage complex aspects of supply chain (Howell and Boies, 2004; Mantere, 2005; Adobor and McMullen, 2007). Joint efforts of key leadership team are essential for effective implementation of supply chain strategy initiatives. In any reasonable size of organizations, the executive leadership should clarify the firm’s overall vision, an information officer manages the overall information flows and the operational manager coordinates supply chain activities. Not all organizations have such formal titles as chief-executive officer (CEO), chief information officer (CIO) and supply chain officer (SCO). For the purpose of this study, we suggest such different functional roles are basic for any reasonable size of organizations. More specific details will be explained later as we describe the characteristics of the respondents.

2.2. Synergistic information flows

Multi-level information sharing with partnering firms through diverse communication channels is common in view of complexity of supply chain management (Cooper and Ellram, 1993; Gustin et al., 1995; Moberg et al., 2002). For the purpose of this study, we consider two levels of information, that is, strategic- and operational-level information. By dividing organizational information either strategic or operational, this also promotes the parsimony i.e., clear understanding of the phenomenon in regard to the information flow. In literature, lack of internal and external integration (i.e., disconnectedness) in strategic and operational aspects is too often the reasons for major strategic implementation failures (Vijayasarathy, 2010). These two levels of information sharing need to be integrated because often these two are intertwined and are related with each other quite closely (Lambert and Cooper, 2000; Li and Lin, 2006). The successful supply chain management requires the integration of these two vital aspects of organizational processes (Pagell, 2004).

Strategic-level information sharing involves information on companies’ development plans, strategies and visions, information

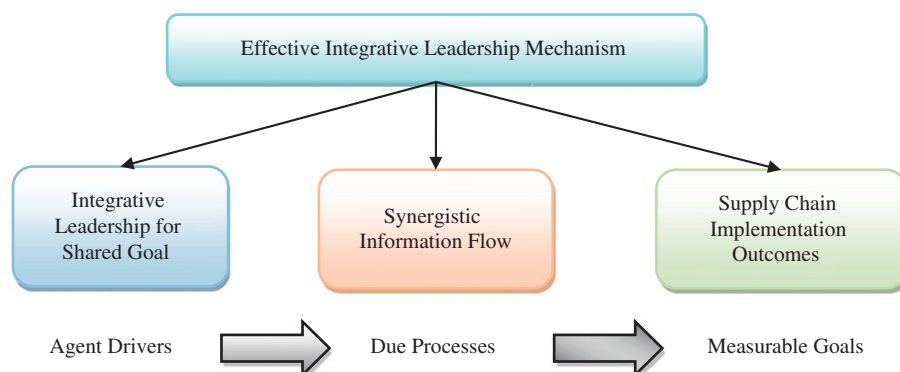


Fig. 1. Conceptual framework: integrative leadership mechanism for supply chain effectiveness.

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