Strategy and organization research in operations management

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ABSTRACT

In a September 2015 editorial (Guide and Ketokivi, 2015), the co-editors-in-chief of the Journal of Operations Management restructured the management of submissions into departments by substantive domain. This essay expands upon their brief description of the Strategy and Organization Department. While chiefly seeking to clarify what we see as the department’s content domain, we also offer insights on how to maximize the contribution of operations management research to the strategy and organization literature.

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1. Introduction

The co-editors of the journal describe the Strategy and Organization Department as follows:

The Strategy and Organization Department focuses on two inter-related topics. One is strategy, which covers all research related to how firms seek to compete in the marketplace. More specific topics include operations strategy (although we prefer Wickham Skinner’s term “operations in the corporate strategy”), competitive advantage (rents), market positioning, barriers to entry, and other topics that link directly to how firms compete with each other. We encourage authors to address competition explicitly in their manuscripts. The second topic is organization, which in this context means the internal organization of the firm. Research within this topic includes classic themes of organization design, organizational differentiation and integration, organization and management of geographically dispersed operations, as well as general organizing principles such as coordination and control.

We are honored to serve as the first co-editors of the Strategy and Organization Department and to contribute this essay, which is organized as follows: In Section 2, we provide our perspective of what “strategy and organization” means (and does not mean) in the context of operations management (OM). In Section 3, we identify OM topics that have utilized strategy and organization perspectives and attempt to clarify this department’s domain in hopes of motivating further research on listed and new topics. In Section 4, we briefly articulate what we will be looking for in submissions, touching on methodology and rigor and discussing how to increase contributions to theory and practice. Section 5 presents our conclusions.

2. The domain of strategy and organization in the context of operations management

Although strategy and organization can be differentiated from each other, both domains are closely related, especially in operations management (Guide and Ketokivi, 2015). Indeed, operations strategy could be described as the interplay between the firm’s strategic direction (while we use “firm,” the unit of analysis could be a business unit, not-for-profit, etc.) and the organization of its resources for developing, producing, and delivering goods and services. As further evidence of this close linkage, consider that the domain statement of Organization Science includes “the fields of strategy, management, and organization theory.” Likewise, the aims and scope of Strategic Management Journal include “major topics such as strategic resource allocation, organization structure …” Clearly, management journals in organization consider strategy a key part of their domain, and vice-versa.

Given the distinction, we first describe and trace the roots of the strategy and organization OM research domains in sections 2.1 and 2.2.
respectively. Given the close relation of the two domains, we present in Section 3 a combined list of topics in OM research covering both.

2.1. Strategy in OM

Porter (1996) described strategy as the assembly of a unique combination of resources, noting: “It means deliberately choosing a different set of activities to deliver a unique mix of values” (Porter, 1996, p.64). Skinner (1969) first noted that manufacturing lacked a seat at the table where corporate strategy was developed, causing its relegation to a reactionary role in strategy implementation. (Although Skinner focused on manufacturing, the concepts in the article readily transfer to operations strategy in all contexts, including services, and can be extended to consider supply chains). Calling manufacturing a “missing link” in corporate strategy, Skinner urged managers to consider the reciprocal relationship between operations strategy and corporate strategy. He further cautioned against the fallacy of focusing solely on low costs and high efficiencies as key tactical objectives for operations; operations managers are prone to do this if not directed otherwise. Skinner noted that firms that failed to recognize the strategic potential of operations and the stickiness of investments in operations were left with operations inadvertently unable to deliver on their strategy. Skinner’s (1969) seminal article served as a wakeup call for the recognition of operations in the corporate strategy in research and practice (Skinner, 1978). Operations subsequently gained prominence as a function in the 1980s and ’90s (Ketchen and Hult, 2007a), with more newly appointed CEOs coming from that function than any other between 1992 and 2005 (Koyuncu et al., 2010).

Today, prominent consulting firms such as Accenture, Deloitte, EY, KPMG, and PricewaterhouseCoopers offer advisory services focusing on strategic operations and supply chain management.

On the academic front, the literature on the strategic management of operations (often called “operations strategy”) exploded in the 1980s, ’90s, and 2000s, with much of its rich history published in the Journal of Operations Management (JOM). Indeed, the body of research was large enough in the late 1980s to merit a literature review from Anderson et al. (1989) and a bibliography from Swamidass (1989). Subsequent literature reviews included Leong et al. (1990), Swink and Way (1995), Dangayach and Deshmukh (2001), Boyer et al. (2005), and Chatha et al. (2015). A number of complete textbooks have focused on operations strategy (e.g., Slack and Lewis, 2015; Van Mieghem and Allon, 2015; Hill, 1999), while core operations and supply chain management textbooks have made it the subject of introductory chapters (e.g., Krajewski et al., 2015; Jacobs and Chase, 2016; Chopra and Meindl, 2015; Fitzsimmons and Fitzsimmons, 2013). As a result, operations strategy is nearly always an early topic in business schools’ core operations management courses.

2.2. Organization in OM

While the strategy theme mainly focuses on deliberate decisions for strategic positioning of organizations, the organization theme focuses more on structures and processes within the firm, and behaviors of individuals and groups in the firm. This theme also explores how firms make changes to resources reflecting the external contextual and internal task environments while allowing for variability and uncertainty in both. While the external contextual environment consists of elements such as competitors, suppliers, regulators, and available technologies, the internal task environment includes decisions about product portfolios, information technologies, employee incentives, and production methods. As both environments are typically the product of strategic choices about where and how to compete, we again see the organization theme intertwining with that of strategy.

OM topics have been of natural interest to organization researchers, as seen by their studies on structuring work for efficiency (Taylor, 1911) and the impacts of work-environment and social contexts on employee performance (Roethlisberger et al., 1939). A notable example is quality management, which organization researchers have studied extensively (see, e.g., Cole and Scott, 2000 for a compilation of research articles on the topic). Organization-centric concepts of contingencies and configurations, as seen in studies of the product-process matrix (Saffizadeh and Ritzman, 1996; Hayes and Wheelwright, 1979 a,b), have long been part of the OM literature.

Articles employing organization concepts in OM increased in the 1990s, perhaps because of growing interest in process improvement initiatives such as total quality management and lean operations (Mukherjee and Lapre, 1998, Ahire et al., 1995; Adam, 1994; Flynn et al., 1994; Benson et al., 1991). A conceptual note in JOM reviewed the use of organization (the authors used “management theory”) concepts in quality management research (Sousa and Voss, 2002). These concepts have been employed for research in other OM topics such as cellular manufacturing (Huber and Hoyer, 1987), infrastructure for operations (Boyer et al., 1996; Maffei and Meredith, 1995), supply chain management (Ketchen and Hult, 2007b; Miles and Snow, 2007), OM practices (Sousa and Voss, 2008), and managing innovations (Benner and Tushman, 2003). JOM released a special issue on organization theory and supply chain management in 2007 (Ketchen et al., 2007a).

3. OM research areas in strategy and organization

The essential role of operations is to provide goods and services by effectively and efficiently converting inputs into outputs (Adam, 1983). Our aim as co-department editors is to publish research focusing on strategy and organization relating to this role. In this section, we articulate what we consider broad topics of research in OM strategy and organization. Here we combine strategy and organization, recognizing that each topic may lean more toward one or the other.

The topics we list are not mutually exclusive—they contain considerable overlap, with most related OM papers falling under more than one. Also, while we have tried to be comprehensive, this list is not collectively exhaustive; there may be papers in organization and strategy in OM beyond these topics.

The topics we envision under strategy and organization are:

1. Alignment: Match between the strategy and organization of the operation and (1) strategy of the firm and/or other functions, (2) task characteristics, and/or (3) external environment.

2. Formulation Process: Development and implementation of an operations strategy.

3. Configurations: Menus of practices and/or performance dimensions (e.g., cost, quality, delivery, flexibility); bundles of operations capabilities that define specific operation strategies.

Note that such performance dimensions are often referred to in OM research as desired or achieved “capabilities.” Given the myriad meanings of the word capabilities in the strategy and organization literature (see next footnote), we prefer the term “performance dimensions.”

Across all domains of research in business, the term “capabilities” has been used to imply different things (Helfat and Winter, 2011). We do not intend to resolve that here, but only request that authors carefully define their conceptualization of capabilities and avoid obvious hypotheses relating capabilities to performance.
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