ORGANIZING FOR STRATEGIC SOURCING

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ABSTRACT

The strategic importance of sourcing has increased during the past two decades. Strategic sourcing does not only include buying manufacturing inputs, but also, for example, sourcing innovation inputs from, and even co-development of technologies together with, suppliers. This has serious implications for the sourcing process, its characteristics and organization. However, previous studies have shown that none of the two prevailing solutions, functional departments and cross-functional teams, produce the desired results.

The purpose of this paper is, first, to present, and discuss the success of, the functional and team-based organization of strategic sourcing processes and, then, to propose an agenda for research aimed at developing a process-based model of effectively organizing for strategic sourcing.

Keywords: Strategic sourcing, sourcing excellence, organization.

1. INTRODUCTION

Over the past decades the importance of the sourcing process for company strategy (Ellram and Carr, 1994; Trent and Monczka, 1998) and performance (Narasimham et al., 2001) has changed considerably. Today, corporate spending related to externally acquired goods and services accumulates up to 70% of manufacturing companies’ purchase-to-sale ratio (Axelsson et al., 2005; Saranga and Moser, 2010) and in some case even more. Moreover, the role of what used to be a clerical, functionally organized, procurement process has evolved into a strategic sourcing process (Chen et al., 2004; Ramsay and Croomb, 2008; Payne et al., 2012), playing an increasingly important role in the sourcing, not only of manufacturing inputs (e.g. material, parts and components), but also of innovation inputs (e.g. knowledge and technologies) and, thus, in the innovation processes of companies.

The changed nature of the sourcing process should have and has indeed had implications for the organization of the sourcing process (Van Weele and Rozemeijer, 1996; Bakker et al., 2008). Companies have tried out various solutions, ranging from the use of centralized, decentralized, or a hybrid configuration of, functional departments to the adoption of cross-functional teams. None of these solutions has really solved the problem of organizing the strategic sourcing process effectively.

The objective of this paper is 1) to present and discuss what the literature says about the functional and team-based organization of the sourcing process, and to show that neither form is quite so successful, and 2) to suggest a research design, taking a more fundamental approach, departing from process characteristics, aimed at developing insight into more effective ways to organize the strategic sourcing process.

Accordingly, the paper consist of two parts:
1. A presentation, and discussion of the success of, the functional and team-based organization of strategic sourcing processes.
2. An agenda for research aimed at developing a process-based model of effectively organizing for strategic sourcing.

2. RESEARCH METHODOLOGY

In order to identify literature on the organization of sourcing processes, a conventional subject search (Papaioannou et al., 2009) was conducted in five databases: ABI/INFORM, Business Source Premier, ProQuest Research Library, Scopus, and Web of Knowledge. The search was completed in June 2013. The keywords were based on the two constructs in the research objective, i.e. organizing and strategic sourcing. The keywords were adapted to suit the individual databases’ thesaurus, if applicable. The search string was executed in thesaurus terms as well as the paper’s keywords or abstract, dependent on the features of the database addressed. The possible combinations of the keywords are presented in Table 1. The use of truncation allows for the databases to cover both UK and US English spelling.

<table>
<thead>
<tr>
<th>Purchasing OR</th>
<th>Process OR</th>
<th>Electronic procurement OR</th>
</tr>
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<tbody>
<tr>
<td>Purchasing department* OR</td>
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<td>Health OR Computer OR</td>
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<td>Organis?ational research OR</td>
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<td>Buying behavior OR</td>
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</tr>
<tr>
<td>Cross-functional</td>
<td>Buying behaviour</td>
<td>Internet-based procurement OR</td>
</tr>
</tbody>
</table>

Table 1. Keyword Based Search

2.1 IDENTIFICATION OF SOURCES AND FILTERING PROCESS

The rather general nature of the keywords implies that the majority of the results may not be relevant; hence a thorough filtering process is needed. First, a search was conducted within English peer-reviewed journal publications. A time span of around 20 years seems relevant as academia (e.g. Van Weele and Rozemeijer, 1996) began addressing the issue of organizing the sourcing process in the 1990s. Hence, publications from 1990-2013 were included in the literature study.

The initial search resulted in 9288 papers; 7742 papers remained after duplicates were removed. The next step in the inclusion/exclusion process involved an assessment of the relevance of journals. Following Spina et al. (2013), 20 journals considered relevant for purchasing and supply management were included in the database. In addition, journals believed to address the process organization were included. As a result, 25 journals and 1853 papers remained (see Table 2).

The final coding was done by two of the three authors, interpreting the papers and using the inclusion/exclusion criteria presented in Table 3.

Both researchers coded the papers individually. The common papers were immediately included in the pool of relevant papers. Papers included by one researcher were re-evaluated. As a result, 58 papers were included directly; 34 were added in the second round. Hereafter, the 92 papers were read and further analyzed based on content. This resulted in 29 articles directly addressing ways of organizing the strategic sourcing.
process (the other 63 articles focused on topics such as chief procurement officer skills, marketing, or team collaboration in general). The process of identifying relevant literature is summarized in Table 4.

<table>
<thead>
<tr>
<th>Journals included</th>
<th>Total number of papers</th>
<th>Papers included</th>
<th>Papers selected</th>
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<tbody>
<tr>
<td>Decision Sciences</td>
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<tr>
<td>European Economic Review</td>
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<td>-</td>
</tr>
<tr>
<td>Eur. J. of Purchasing and Supply Mgt.</td>
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<td>5</td>
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</tr>
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<td>Harvard Business Review</td>
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<tr>
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<td>5</td>
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<td>Int. J. of Production Economics</td>
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<td>Int. J. of Production Research</td>
<td>332</td>
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<td>-</td>
</tr>
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</tr>
<tr>
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<td>-</td>
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<td>J. of Marketing Research</td>
<td>10</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>J. of Operations Management</td>
<td>111</td>
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<td>1</td>
</tr>
<tr>
<td>J. of Product Innovation Management</td>
<td>47</td>
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<td>-</td>
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<td>J. of Purchasing &amp; Supply Mgt.</td>
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<td>Organization Studies</td>
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<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Production Planning &amp; Control</td>
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<td>-</td>
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<tr>
<td>Supply Chain Management – An Int. J.</td>
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<td>2</td>
<td>-</td>
</tr>
<tr>
<td>Technovation</td>
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<td>2</td>
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<tr>
<td><strong>Total</strong></td>
<td>1853</td>
<td>92</td>
<td>29</td>
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</table>

Table 2. Journals included and papers selected

<table>
<thead>
<tr>
<th>Inclusion Criteria</th>
<th>Teams:</th>
<th>Sourcing/procurement/purchasing:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organization theory</td>
<td>- Commodity</td>
<td>-</td>
</tr>
<tr>
<td>Organization(s) and/or enterprise type</td>
<td>- Cross-functional</td>
<td>Sourcing/procurement/purchasing:</td>
</tr>
<tr>
<td>Organizational structure</td>
<td>- Category</td>
<td>-</td>
</tr>
<tr>
<td>Coordination</td>
<td>- Members</td>
<td>-</td>
</tr>
<tr>
<td>Integration</td>
<td>- High tech</td>
<td>-</td>
</tr>
<tr>
<td>High tech</td>
<td>Sourcing/procurement/purchasing:</td>
<td></td>
</tr>
<tr>
<td>Organization of sourcing</td>
<td>- Process</td>
<td>-</td>
</tr>
<tr>
<td>Organizational practices</td>
<td>- Function</td>
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</tr>
<tr>
<td>Sourcing/procurement/purchasing</td>
<td>- Department</td>
<td>-</td>
</tr>
<tr>
<td>Strategic sourcing</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 3. Inclusion and exclusion criteria
3. RESULTS

The review revealed two main approaches to organizing the strategic sourcing process, through functional department and cross-functional teams, respectively. These organizational designs differ in terms of job and unit design, the type of coordination needed, as well as the role of trust, commitment and motivation (see Table 5). While both designs do not mutually exclude one another (in fact, Johnson et al. (1998a) report that commodity teams as well as cross-functional teams are more likely to be present in a centralized or hybrid structure than in the decentralized structure), the next sections address them separately, with a particular focus on the role of coordination and management issues involved in their implementation and operation.

3.1 FUNCTIONAL DEPARTMENTS

The first perspective concerns organizing the sourcing process in functional departments. Three forms of organization have been reported in the literature, the centralized, the decentralized and the hybrid forms, respectively. The centralized form, which places the sourcing process close to the strategic apex of the company (Karjalainen, 2011), supports the utilization of economies of scale (Johnson and Leenders, 2004). The decentralized structure places the decision-maker closer to the suppliers, and promotes close, externally oriented relationships (Johnson and Leenders, 2004, 2006). Finally, research indicating that some degree of centralization is necessary to facilitate the strategic implications of the sourcing process (Johnson et al., 1998a; Johnson and Leenders, 2006) supports the hybrid organization, where the responsibility for the sourcing process is split between centralized and decentralized units.

3.1.1 COORDINATION

Despite the variety of organizational structures that fall within the functional perspective, there are common characteristics. The functional design fosters specialization, as the purchasers (need to) handle all purchases within one product category (Johnson and Leenders, 2004). Especially the delegation of control to decentralized purchasers could inspire autonomy and thereby promote decisions favoring the given business unit rather than the company as a whole (Johnson and Leenders, 2006). In a functional structure, purchasers with similar jobs and skills are pooled together in departments (Arnold, 1999). Consequently, interdepartmental coordination mechanisms are necessary to promote the strategic goals of the company.

3.1.2 MANAGERIAL ROLE

Most companies use a hybrid configuration comprising both centralized and decentralized elements. A hybrid structure can resemble either the centralized or decentralized form significantly, e.g. only the contracting task can be centralized, while the remaining tasks are decentralized (Parikh and Joshi, 2005). In any case, the role of the management is to create suitable interdepartmental coordination mechanisms, which make up for the division of responsibilities and ensure that the purchasers do not optimize their functional departments over the strategic aims of the company. Planning
and, especially, control systems (cf. Mintzberg, 1979), in the form of policy deployment and supported by a performance management system is one possibility.

3.2 CROSS-FUNCTIONAL TEAMS

The team perspective dominates in the literature. Using teams in sourcing activities was introduced in the 1980s in the form of buying centers (Miocevic, 2011). Subsequently, cross-functional teams emerged with the sourcing function getting more and more involved in the planning and execution of more complex (e.g. concurrent engineering) and less routine (e.g. innovation) projects, crossing the boundaries of functional silos (Pinto et al., 1993; Pearson, 1999). Trent and Monczka (1994) report that cross-functional teams had become a major part of the sourcing organization. However, not much later, Murphy and Heberling (1996, p. 12) conclude: “Unfortunately, although many firms have tried this team approach during the past decade, most are still struggling to reap the advertised benefits of the teaming concept”.

3.2.1 COORDINATION

Cross-functional teams are composed of professionals from at least three functions (Trent and Monczka, 1994) such as product design, research and development, marketing, product distribution, finance, and sourcing (Van Weele and Rozemeijer, 1996; Driedonks et al., 2010). Murphy and Heberling (1996, p.12) exemplify the traditional coordination task: “A classic example is seen in the traditional relationship between engineering and purchasing. In the past, the two functions have not understood each other well, with engineering working on designs and specifications, then passing them on to purchasing in a serial fashion”. In contrast, the core type of relationship within cross-functional teams is reciprocal, rather than sequential (i.e. serial), interdependence (cf. Thompson, 1967).

3.2.2 MANAGERIAL ROLE

The use of cross-functional teams should overcome the limitations of functional departments. This entails a major change and, indeed, active management involvement.

Cross-functional collaboration is a complex process, which needs to be supported by cross-functional training (Murphy and Heberling, 1996). Isolating sourcing decisions from the remaining organizational context could result in lost competitive advantage (Durrani et al., 1998).

Management can create unity between the members of a team, and ensure loyalty towards the team and its cross-functional activities by creating and maintaining a trusting and motivating environment for the team to operate in. The managerial role, therefore, includes ensuring that team members are trained in (Murphy and Heberling, 1996) and made responsible for (Majchrzak and Wang, 1996) cross-functional teamwork.

3.3 EXPERIENCES WITH DEPARTMENTAL AND TEAM-BASED FORMS OF ORGANIZATION

The use of cross-functional teams makes logical sense. Moving to strategic sourcing implies changes in the competence profile needed to deal adequately with the sourcing portfolio (Møller et al., 2013; Rozemeijer et al., 2005). Sourcing commodities is one thing – sourcing knowledge and technology quite another. Using cross-functional sourcing teams could solve this problem (Driedonks et al., 2010; Trent and Monczka, 1998; Carter et al., 2000). However, time and again, cross-functional sourcing teams do
### Functional departments

**Job design**
There are defined lines between departments and responsibilities are clearly specified – e.g. Parikh and Joshi (2005).

**Unit design**
Similar skills are pooled together in departments, which provides the most efficient use of available purchasing skills (e.g. Arnold, 1999).

**Coordination**
Dependent on the configuration of decentral and central – e.g. Rozemeijer (2000) argues that business unit homogeneity and purchasing maturity are determinants for the proper design.

**Trust & commitment**
People tend to trust employees aiming at fulfilling the same goals as themselves. This can inspire a situation where trust is given only to those within the same department or function.

**Motivation**
Focus on departmental goals. Often there is a tendency to focus on budgets – e.g. Moses and Åhlström (2008) mention misaligned functional goals.

### Cross-functional teams

**Team members each contribute with specialized skills – e.g. Murphy and Heberling (1996, p. 13) state that successful teams “… put the right people (right qualifications), in the right place (in the team that needed their skills), at the right time (when those skills are needed).”**

**Different skills are pooled together in teams. The sourcing team handles everything connected to a purchase.**

**Coordination mechanisms are organic and the nature of personal collaboration becomes an issue. The teams themselves become a coordination mechanism, as Johnson et al. (2002, p. 79) state “… various forms of purchasing teams can be used to structure formal integration both between functional areas internally and across suppliers and customers externally”.**

**Trust should be build between the team members. Team spirit becomes an important factor - e.g. Englyst et al. (2008).**

**Focus on team goals. It is important to ensure that the contribution to team work is included in the performance evaluation of the departments, which contribute with members to the cross-functional team; otherwise the team members might focus on achieving their respective departments’ goals rather than focus on the team task – e.g. Englyst et al. (2008).**

### All references

- Arnold (1999); Englyst et al. (2008); Hartmann et al. (2008); Johnson and Leenders (2004); Johnson and Leenders (2006); Johnson and Leenders (2001); Johnson et al. (1998a); Johnson et al. (1998b); Karjalainen (2011); Kim (2007); Laios and Moschuris (2001); Lau et al. (1999); Parikh and Joshi (2005); Rozemeijer (2000); Trent, (2004)
- Andersen and Rask (2003); Carter et al. (2000); Driedonks et al. (2010); Englyst et al. (2008); Faes et al. (2000); Giunipero and Pearcy (2000); Hartmann et al. (2008); Hult and Nichols Jr. (1996); Johnson et al. (2002); Johnson and Leenders (2006); Johnson et al. (1998a); Johnson et al. (1998b); Laios and Moschuris (2001); Lakemond et al. (2001); McWilliams et al. (1992); Moses and Åhlström (2008); Murphy and Heberling (1996); Rozemeijer (2000); Trent (1998); Trent, (2004); Trent and Monczka (1994); Van Weele and Rozemeijer (1996)
not appear to live up to expectations. One of the causes reported in the literature is lack of the managerial support (Cousins et al., 2006; Carter and Narasimhan, 1996; Miocevic, 2011) needed for the functional departments to genuinely contribute to the sourcing teams.

According to Rozemeijer and Van Weele (2007, p. 5): “... most corporate sourcing initiatives tend to be aimed at short-term cost reductions. In many of those cases external consultants are hired to drive the corporate sourcing initiatives. However, when the consultants leave, very often companies gradually return to their old ways of working”. Johnson and Leenders (2006) report that only 19 of the 51 companies they studied kept the same organizational structure of their sourcing and supply functions from 1987, through 1995, to 2003. Six companies changed structure between 1987 and 1995, and back to their 1987-structure between 1995 and 2003. The remaining 26 companies had a different structure in 2003 compared to 1987. This suggest that the problem is not that companies are not prepared to change their sourcing organization, but rather related to what to change to.

An empirical example of a Danish assembly company illustrates the problem. As part of a global corporation with annual revenue of approx. Euro 500 million, the case company is familiar with sourcing from both local and global suppliers. Originating from a centralized, functionally organized purchasing department, the company has reorganized into centrally coordinated cross-functional sourcing teams, each responsible for sourcing a certain component. The teams consist of technical and commercial professionals. Not only has the company experienced difficulties implementing the cross-functional teams, it also faces a puzzle: two identically organized sourcing teams perform differently. One team performs acceptably, while the other does not. In general, the company experiences the situation described by Rozemeijer and Van Weele (2007) – it has not obtained the promised positive effects of reorganizing the sourcing process. Further examination reveals that the two sourcing teams operate in different contexts. One team sources standardized products from a global market, while the other team designs solutions together with a local supplier.

The example of this case company indicates that adopting such a uniform approach is too simple – one-size-fits-all solutions do not necessarily work, if they do not match the intricate tasks related to the individual sourcing processes. This observations supports the proposition that a new, more fundamental, way of looking at the organization of sourcing processes is needed, a process-based approach, which takes differences between sourcing processes, even within the same company, into account.

4. **Towards A Process-based Model of Strategic Sourcing Organization**

One aspect that has been largely overlooked in the literature is that the transition from a clerical, functionally organized, procurement process to a strategic sourcing process (Chen et al., 2004; Ramsay and Croomb, 2008; Payne et al., 2012) has significant implications for the characteristics of the process and, in effect, the organizational (job and unit design, coordination) context needed to support the process effectively.

4.1 **Process Characteristics and Coping Strategies**

Fundamental contributions to the development of theory on process-organization fit are Perrow (1967), who identifies variety and analyzability as the two distinguishing characteristics of “the work done in organizations” (ibid., p. 194), Thompson (1967),
who focuses on interdependence as a core process characteristic, and Galbraith (1973),
who discusses the role of uncertainty.

4.1.1 Uncertainty

(Un)certainty (e.g. Thompson, 1967; Galbraith, 1973), also referred to as (un)predictability
(e.g. Mintzberg, 1979), is the extent to which individuals, groups or organizations are
informed about the future. Uncertainty may concern objectives to be pursued, activities to
be performed in order to achieve desirable results, the people needed to perform the
activities, arrangements regulating their collaboration, and the influence of the
organization’s context (Galbraith, 1973; Simon, 1976; Mintzberg, 1979). Galbraith (1974,
p. 28; see also Galbraith, 1973) hypothesizes that “the greater the uncertainty of the task,
the greater the amount of information that has to be processed ...” and proposes two
groups, of two strategies each, to cope with uncertainty:

- Increase the information processing capacity of the organization, through a) vertical
  information systems or b) lateral linkages.
- Reduce the amount of information to be processed, through a) self-contained tasks or b) slack resources.

According to Galbraith (1973), organizations that fail to consciously choose one of the
coping strategies, but instead keep relying on formalization and centralized decision-
making, will overload the hierarchy with information. In effect, performance standards will
be automatically reduced: scheduling and budget overruns will occur and, as essential
information will not be processed, the quality of decision-making will suffer.

4.1.2 Complexity

Complexity refers to the difficulty with which the work can be understood (cf. Mintzberg,
1979). This is essentially the same characteristic as comprehensibility (Mintzberg, 1979)
and analyzability (Perrow, 1967).

Obviously, the most effective strategy to cope with complexity is to provide the process
with adequate competences (knowledge, skills, experience). If there are competence gaps or
if such gaps appear in the development from purchasing to strategic sourcing, the
company may try two alternative strategies. The greater the knowledge gap, the more the
organization has to rely on unanalyzed experience, intuition, chance and guesswork, rather
than well-known, standard methods of designing, developing and implementing decisions
(cf. e.g. Perrow, 1967). One coping strategy is to allow for trial-and-error learning about
the strategic sourcing goals, process and organization. As a result, the strategic sourcing
function’s “intelligence” will increase, albeit at the cost of time incurred in learning. A
possibly less time consuming strategy is to increase the sourcing staff’s competences
through training and education in a wide range of fields, including technical and
organizational issues, leadership, motivation and communication. Also, the company may
try to hire or recruit experienced people from other companies, consultants, or other
experts.

High complexity becomes a real challenge if task variety and interdependence are high,
too. Complexity evokes specialization – combined with high variety, many specialists are
needed – if, in addition, interdependence is high, too, communication, collaboration and
coordination between the many specialists are needed. Arrangements aimed at coping with
problems of this type will be touched upon below.
4.1.3 Interdependence

Interdependence is the extent to which (groups of) people depend on one another for their outputs. Thompson (1967) distinguishes three forms: pooled, sequential and reciprocal interdependence.

A process with activities that are pooled interdependent demands the least amount of coordination, as no activity is dependent on another activity. Consequently, the demands for communication and proximity of activities are low. Coordination can be achieved through standardization, rules and procedures. Sequential interdependency means that activity A depends on activity B, while B is not dependent on A. The communication and proximity demands are medium. Suitable coordination mechanisms include planning, scheduling and feedback. Finally, in the case of reciprocal interdependence, activities A and B depend on each other. The demands for communication and proximity are high. Coordination through mutual adjustment can be achieved using cross-functional meetings and teamwork.

4.1.4 Variety

Variety, the second process characteristics put forward by Perrow (1967) (see also Mintzberg, 1979), directly affects the number of competence areas that need to be available to a process.

5. Discussion, Limitations and Further Research

5.1 Discussion

Various solutions have been proposed that should help companies to organize their strategic sourcing process effectively. The two dominant forms are: functional departments and cross-functional teams. Companies experience problems with both alternatives.

The nature of strategic sourcing processes may well explain why it is so difficult to organize them successfully. In its simplest form, purchasing involves targeting, selecting, negotiating with, contracting and ordering from suppliers. Strategic sourcing is “...a cross-functional process, aimed at managing, developing and integrating with supplier capabilities to achieve a competitive advantage” (Axelsson et al., 2005, p. 7). It involves the sourcing of traditional manufacturing and also, for example, innovation inputs, as well as activities such as sourcing strategy development, supplier portfolio management, and supplier development.

Relative to the “old”, clerical, functionally organized purchasing processes, strategic sourcing contains more (i.e. a higher variety of) activities that are more uncertain, more activities that are more complex, and higher levels of interdependence. However, not all new and, for that matter, “old” activities are necessarily uncertain, complex or reciprocally dependent on other activities, and it may well be here that the real managerial challenge lies.

The essence of that challenge is to locate, assess and, then, act upon uncertainties, complexities and interdependencies in the strategic sourcing process, by creating the conditions, summarized in Table 6, that allow the sourcing function to cope with these characteristics adequately at the right place in the process and at the right time.

Although the resulting organization depends a lot on the focal organization’s strategic sourcing activities and their characteristics, it is quite unlikely that a one-size-fits-all solution will work. The more likely outcome is a hybrid configuration consisting of
decentralized and/or centralized, functionally and/or product/market based, units, permanent and/or temporary cross-functional teams (i.e. task forces and standing committees), liaison positions and/or integrating managers. See Mintzberg (1979, pp. 124-129 and pp. 162-176) for detailed descriptions of these design parameters.

In order to create order in the chaos of reality, further research could be aimed at developing a typological theory of strategic sourcing organization, which is based on the process-organization fit sketched above, and also deals with the limitations to this study.

<table>
<thead>
<tr>
<th>Uncertainty</th>
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<th>High</th>
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<tbody>
<tr>
<td>Routines (rules, programs)</td>
<td>→ Hierarchy → Targets, goals → Vertical information systems</td>
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</tr>
<tr>
<td>Complexity</td>
<td>Low competences (knowledge, skills, experience)</td>
<td>→ High competences (knowledge, skills, experience)</td>
</tr>
<tr>
<td>Interdependence</td>
<td>Low communication → High communication</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Low proximity → High proximity</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Formalization → Planning, scheduling, feedback → Mutual adjustment (cross-functional meetings, teamwork)</td>
<td></td>
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<tr>
<td>Variety</td>
<td>Few different competences → Many different competences</td>
<td></td>
</tr>
</tbody>
</table>

Table 6. Relationships between process and organizational design characteristics

5.2 LIMITATIONS

The analysis presented above focuses on process-organization fit, but is essentially limited to the role of competences and structural coordination mechanisms. However, coordination can also be achieved using individual level mechanisms, such as the roles of individuals, and “technological” mechanisms (see e.g. Paashuis and Boer, 1997; Boer et al., 2006).

Furthermore, the optimal organization of a strategic sourcing process is unlikely to depend on process characteristics only. The contingency theory of organization has identified a range of factors to be taken into account when designing effective organizations, including environment (Burns and Stalker, 1961), strategy (Chandler, 1962), size and ownership (Pugh et al., 1963), and technology (as in equipment, Woodward, 1965).

Finally, a key issue not (explicitly) addressed in this paper is performance. Mintzberg (1979, p. 220) summarizes the contingency theory of organization in his extended configuration hypothesis: “effective structuring requires a consistency among the design parameters and contingency factors”. In other words, we should be looking for configurations that enhance the effective performance of strategic sourcing processes.

5.3 TOWARDS A TYPOLOGICAL THEORY OF STRATEGIC SOURCING ORGANIZATION

Practical experience suggests that companies have difficulties finding and sustaining an effective way to organize their strategic sourcing activities. Theories on fit between process (the independent variable) and organization (the dependent variable) suggest ways out. In order to reduce empirical variety to manageable understanding, we suggest that further research must be aimed at developing and, then, testing a typological theory of sourcing organization, which is not only based on process-organization theories such
as the ones presented and discussed above, but also incorporates individual level and technological coordination mechanisms and deals with the influence of contingency factors such as environment, strategy, size, ownership and possibly also technology.

According to Doty and Glick (1994, p. 231), “... typologies are complex theoretical statements that should be subjected to quantitative modeling and rigorous empirical testing”. Typologies are created deductively by classifying the objects into predefined groups that are created based on intuition or previously existing knowledge and theory (Steininger et al., 2013, referring to Bailey, 1994). Three criteria must be met for a classification to qualify as a typological theory:
1. The constructs used to describe the ideal types are identified (Doty and Glick, 1994, p. 233).
2. The relationships among these constructs are specified (Doty and Glick, 1994, p. 234).
3. These relationships are falsifiable (Doty and Glick, 1994, p. 234).

In fact these criteria represent the first step in the research, i.e. the development of a typology consisting of ideal and, thus, effective configurations of process characteristics, contingency factors and design parameters (in organization theory, ideal types are hypothesized (e.g. Mintzberg, 1979) or posited (e.g. Miles and Snow, 1978) to be more effective than other forms of organization (see Doty et al., 1993)). The next step involves operationalization of the typology, preferably using existing scales “... whose reliability and validity have already been demonstrated” (Flynn et al. 1990, p. 267), design and testing a questionnaire, and defining the sample. The final step is data collection and analysis, aimed at validating the typology.

REFERENCES


