



**Configuring the Strategic Orientation of Manufacturing  
Firms for Economic Sustainability**  
A study of the UK Touring Caravan Industry

by  
Jane Lynch

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DOCTOR of PHILOSOPHY  
in  
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Logistics and Operations Management Section  
Cardiff Business School, Cardiff University

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<b>CANDIDATE'S FIRST NAME(S)</b>	Jane Louise
<b>SCHOOL</b>	Cardiff Business School
<b>TITLE OF DEGREE</b>	PhD
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## ABSTRACT

The main purpose of this research is to examine the role of strategic orientation for effective supply chain management (SCM). A form of strategic orientation which focusses on a process-base, supply chain orientation (SCO) has already been established as a pre-requisite for SCM (Mentzer *et al.* 2001; Min and Mentzer, 2004, Esper *et al.* 2010) but as a key concept, SCO research is less developed than SCM. This research contributes to fulfilling this shortfall by identifying SCO as a multiple construct requiring the alignment of three other strategic orientations which are all function-based: purchasing orientation, marketing orientation and production<sup>1</sup>orientation.

This study investigates why it is important for an organisation to retain a configuration, meaning an alignment of strategic orientation approaches, not just to rely on one approach. Existing studies have identified that individually, these three function-based strategic orientation approaches support the necessary flows, such as product, capital and information flows, within the organisation for effective SCO and SCM. To achieve SCO, Esper *et al.* (2010) acknowledged the importance of managing specific behaviours, such as cooperation and trust. This study examines how these behaviours form the organisational culture to create important linkages and dependencies between purchasing orientation, market orientation and production orientation that can contribute towards achieving SCO.

Utilising a case study approach, empirical evidence was gathered between 2009 and 2015 from a single industry, the UK touring caravan manufacturing industry. The UK touring caravan manufacturing industry had not previously been the focus of an academic supply chain study, thus it provided an original platform to conduct the research. The initial data collection period was between 2009 and 2011, a time when manufacturing managers were facing a period of economic hyper-turbulence. During such times, senior managers of UK manufacturing organisations struggled to align the internal business strategy with the business environment which was being shaped by multiple challenging factors: hyper-competition, economic hyper-turbulence and globalisation. Thus, there was a need for managers to go beyond the strategy level and to re-examine the way their businesses were fundamentally orientated.

Systems Theory (Biology), as a single theoretical approach, has been frequently applied in supply chain research. This research explores how in order to manage a system effectively, two additional theoretical pillars; Resource Dependence Theory (Strategic Management) and Resource Based View (Strategic Management), may be relevant. These theoretical lenses underpin the investigation which is framed by three research questions:

- **RQ1: How does supply chain orientation support supply chain management?**
- **RQ2: How may supply chain orientation be applied as a strategic orientation?**
- **RQ3: What is the role of strategic orientation?**

This research mainly builds on the SCO study by Esper *et al.* (2010), acknowledged in Chapter II as the first authors to conceptualise SCO. It contributes eight new research contributions, which are offered to further develop the understanding of SCO and the concept of strategic orientation:

1. The research offers a new Strategic Orientation Pyramid framework for better understanding the components of strategic orientation.

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<sup>1</sup> Production replaces operations in manufacturing context

2. A new Research Model improves understanding of the likely variables for measuring SCO.
3. There are new theoretical developments in understanding the relationship between SCO and SCM by defining the role of strategic orientation in the supply chain context.
4. The case study findings from this research suggest that optimally configuring and harmonising the firm's internal function-based strategic orientations is a pre-requisite for managing SCO as an antecedent for SCM in pursuing a more sustainable competitive advantage.
5. The research proposes that in order for the manufacturing organisation to manage its supply chain effectively through SCO, the purchasing, marketing and production functions should be seen as operating interdependently. The evidence from this research suggests that this interdependence MUST be supported by specific behaviours such as trust, commitment and cooperation amongst all employees from all three strategic business functions.
6. Building on the existing purchasing literature, the purchasing function in this research has been observed as being the first area to be adversely affected during periods of economic uncertainty. Therefore, in wider context of manufacturing, the purchasing function may need to be strategically elevated and aligned with marketing and production functions to support the firm's SCO and SCM. This would become important when managers are forced to adapt their manufacturing strategy due to variations in demand levels which affects their management of the supply chain.
7. Case study findings indicate that strategic purchasing can play an important intermediary role in smoothing over the conflicting strategies between marketing and production.
8. Similarities are found between the manufacturer's MRPII system and SCO in that the purchasing, marketing and production functions need to be strategically aligned and coordinated to enable effective strategic planning, forecasting, managing the supply chain, ordering of the materials and implementing caravan production for meeting customer demands.

In addition to these theoretical developments, the research offers four methodological contributions and gives practical guidance for managers in understanding the important role of strategic orientation, which affects the organisation's success or failure.

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## GLOSSARY FOR DEFINITION OF TERMS

<b>Business Model</b>	New “gestalts” or “ways of doing business”. More simply, it is “... a lot like writing a new story yet at some level all new stories are variations on old ones...” Magretta (2002, p.88)	Page 49
<b>Configuration</b>	“Configuration theory suggests that for each set of strategic characteristics there exists an ideal set of organisational characteristics that yields the best outcomes...” (Le Meunier-fitzhugh et al. 2011. p.64)	Page 99
<b>Culture</b>	“A set of values, beliefs and learned ways of managing that govern organisational behaviour” (Lynch, 2006, p. 251)	Page 56
<b>Economic Recession</b>	An economic downturn becomes an economic recession when there is negative growth for more than two consecutive quarters [online] (BBC, Q&A).	Appendix 2
<b>Fit</b>	A concept described in the literature as the alignment of strategy and structure, or strategy with the business environment (Esper et al., 2010 2011).	Page 68
<b>Hyper-competition</b>	The pace of evolution and competition appears “hyper” in relation to historical norms (Llinitch et al., 1996).	Page 47
<b>Hyper-turbulence</b>	An environment shaped by forces which management find difficult to control (McCann and Selsky, 1984)	Page 21
<b>Orientation</b>	A firm’s orientation is “...a multi-dimensional variable” that reflects the strategic purpose, market, knowledge, structure and functional strengths which influence management decision making (El-Ansary, 2006, p.280)	Page 15
<b>Re-orientation</b>	A new strategic emphasis is given to the purchasing function, this is conceptualised as procurement re-orientation (Rajagopal and Bernard, 1994; Senge, 1991)	Page 34
<b>Philosophy</b>	“Management philosophy may be limited to certain individuals, usually at a senior level” (Mello and Stank, 2005, p. 543)	Page 15
<b>Strategic orientation</b>	, “a way of operating within the (corporate) climate that the (business) philosophy has set” (McGee and Spiro, 1988.p.40).	Page 20
<b>Supply Chain orientation (SCO)</b>	Classified as a “conceptual umbrella” containing three pillars: strategy, structure and behaviour (Esper et al. 2010, p. 171).	Page 32

## ABBREVIATIONS

SCO – Supply Chain Orientation	PwC PricewaterhouseCoopers
SCCO – Supply Chain Culture Orientation	IMSS Internal Manufacturing Strategy Survey
SCM – Supply Chain Management	RAE Royal Association of Engineers
MO- Market Orientation	BIS The Department for Business, Innovation & Skills
PuO – Purchasing Orientation	ABS Association of Business Schools
RO – Relationship Orientation	NCC National Caravan Council
PO – Production Orientation	CC The Caravan Club
SO strategic orientation	

*Science without philosophy, facts without perspective and valuation,  
cannot save us from havoc and despair.*

*Science gives us knowledge, but only philosophy can give us wisdom.*

(Henry Thoreau in Durant, 2012, p. Xviii)

## PREFACE

The early motivation for this study was founded on personal reflections based on observations of the retail sector between 1990 and 2007. This period enabled me to develop a deepened appreciation and understanding of the positive effects that strategic purchasing and supply chain management could bring to an organisation. The success of purchasing appeared to me to be dependent on two factors: strategies employed and resource capabilities. In particular, the purchasing or buying function for retail organisations I viewed as becoming increasingly challenging to manage during the late 1990s.

Key macro-environmental events which occurred between 1990 and 2007 were perceived by me as triggering fundamental changes for the buyer, increasing the strategic importance of the purchasing function within the retail sector. A personal reflection of the impact these events were having on the purchasing role are presented in Table (i), classified as social, technological, economic, environmental, and political factors (STEEP)<sup>2</sup>.

Driving Force	Changes in the UK During Period 1990 -2007	Personal Reflections on the Impact to the Purchasing Role
<b>Social</b>	<ul style="list-style-type: none"> <li>Revision of opening hours in the UK with the introduction of Sunday opening (outside Scotland) in 1994 and late night shopping were shaped by changes to individuals' lifestyle (BBC, 1994: Sunday trading legalised).</li> <li>Customers were becoming more informed and knowledgeable about markets due to the rise in the use of technology to gather information.</li> </ul>	<ul style="list-style-type: none"> <li>The increase in trading hours also brought greater flexibility for deliveries from suppliers.</li> <li>This created a greater need for supplier collaboration to improve product and market knowledge.</li> </ul>
<b>Technological</b>	<ul style="list-style-type: none"> <li>The development of internet shopping enabled 24/7 marketing communication and shopping for businesses and consumers (Ecommerce).</li> <li>The internet also enabled improved communications with suppliers and businesses worldwide.</li> </ul>	<ul style="list-style-type: none"> <li>Buyers were no longer restricted to domestic sourcing. Goods could be sourced from overseas.</li> <li>Software and the internet enabled better management of these more distant supplier relationships.</li> </ul>
<b>Economic</b>	<ul style="list-style-type: none"> <li>The introduction of the minimum wage in 1999 lead to higher salaries with consumers enjoying the benefits of disposable income, leaving more capital for luxury goods (BBC, 1999: Britain gets first Minimum wage).</li> <li>The 1990s recession period lead to a number of mergers and acquisitions.</li> </ul>	<ul style="list-style-type: none"> <li>Increased disposable income for customers meant new market opportunities for business; this also meant a closer liaison was required between marketing and purchasing functions to ensure the right products were being offered to new consumers.</li> <li>This brought greater buying power to create economies of scale to compete on price.</li> </ul>
<b>Environmental</b>	<ul style="list-style-type: none"> <li>The introduction of the Kyoto Protocol in 1997 raised awareness of environmental concerns; and created a plan to tackle climate change on a global scale (UNFCCC).</li> </ul>	<ul style="list-style-type: none"> <li>Increased awareness of environmental issues emphasised the need for supply chain management and moved the emphasis away from low cost to value.</li> </ul>
<b>Political</b>	<ul style="list-style-type: none"> <li>The formation of Trading Blocs- in 1994 the United States, Canada and Mexico formed the North America Free Trade Agreement (NAFTA).</li> <li>The European Union launched its own Euro currency in 1999 (Europa).</li> </ul>	<ul style="list-style-type: none"> <li>These changes were aimed to support easier movement of firms and people between member states.</li> <li>Sourcing overseas created new challenges for buyers due to culture, currency, currency fluctuation and time zones.</li> </ul>

**Table (i)** Fundamental changes founded on personal reflections of the UK retail business environment between 1990 and 2007 (Author)

<sup>2</sup> STEEP variant based on the PESTLE framework (O'Brien, 2009)

Table 1 highlights how during this period, 1990-2007, the formation of Trading Blocs such as the European Union meant businesses in the UK started to source directly from overseas rather than supporting UK based importers and warehousing. This resulted in significant cost savings. The consequent lower retail selling price of products became a more important source of competitive advantage, as competitors who sourced locally were unable to match their prices.

The choice of products being offered to customers grew substantially too, with price increasingly being used as the new competitive weapon for influencing customers' decision making. For the buyer, this new emphasis on lowering cost to achieve competitive pricing started to affect both the buyer's decision making criteria in supplier selection and also the strategic decision and strategic orientation of the firm. This change in emphasis required a different set of purchasing skills, such as knowledge of international supply markets and cultural differences, awareness of currency fluctuation and recognising hidden costs such as tariffs, quotas, etc. Businesses were being faced with the need for a much greater emphasis on strategic planning and managing the supply chain.

As a buyer, whilst manufacturing seemed to move from supply driven to demand driven production, a question arose to ascertain if retail buying decisions were always entirely based on customer demand. This triggered further questions in my mind, trying to understand the full extent of internal and external forces influencing the firm's business model. Managers of business functions such as marketing, finance and human resource management seemed to increase their influence and dominance within the business in support of business survival and growth. At times, competing and conflicting internal goals became apparent, often preventing a collaborative and integrative approach across the firm's internal supply chain.

Based on these personal reflections, the period 1990-2007 appeared to me, to represent a major turning point for UK businesses, both in the manufacturing and retail sectors. The examples in Table 1 illustrate how factors from the business environment impacted upon the day to day running of a business. So, my personal business experiences during this period triggered early questions about identifying the true strategic orientation of the firm. In contrast to the historical emphasis on quality orientation when sourcing products and services, my perceived view was that during the period 1990-2007 manufacturing and retail organisations were both re-orientating towards cost reduction. In achieving this, the power of buyers seemed to elevate the strategic importance of the purchasing function. Purchasing started to become a more dominant force affecting the strategic direction and underlying orientation of the manufacturing and retail organisations. However, it was also observed by me that the new strategic purchasing role required a changing skill set. The buyers' abilities in achieving high product quality at minimal cost across the manufacturing supply chain were recognised as a major influencing factor of both the manufacturers' and retailers' success and failure.

Prompted by a career move to academia in 2006, the research motivation continued, in wanting to gain a deepened appreciation of the factors which affected the success of business, and to better understand the fundamental elements of successful buyer/supplier relationships, in particular, those affecting the manufacturing supply chain.

# **CHAPTER I - INTRODUCTION**

Chapter I Introduction	Chapter II Literature Review	Chapter III Background Study of the Industry	Chapter IV Research Philosophy & Design	Chapter V Case Study Findings	Chapter VI Analysis, Interpretation & Discussion	Chapter VII Conclusions
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## 1. INTRODUCTION TO THE THESIS

The broad purpose of this research is to examine the concept of strategic orientation. This is undertaken with a focus on the manufacturing sector. A fundamental problem, that this research aims to contribute to solving, surrounds the ambiguity of understanding around what is meant by the term strategic orientation. For the purpose of this thesis introduction, strategic orientation is referred to simply as, “*a way of operating within the (corporate) climate that the (business) philosophy has set*” (McGee and Spiro, 1988.p.40). This quotation highlights the importance of leadership which influences the corporate philosophy in driving the organisation’s strategic orientation.

In terms of implementing a strategic orientation, it should be noted that there are different ways of applying strategic orientation in the business such as a through a business function orientation (e.g. production orientation), through a process orientation (e.g. supply chain orientation) or through an objective orientation (e.g. innovation orientation). Shi and Gregory (1998) stressed that managers needed guidance on developing the right strategic orientation and knowing how to influence its main constituent components which they identified were corporate structure, strategic capabilities and strategic processes.

For manufacturing companies globalisation, especially since the early 1990s, has invariably driven the need for a fundamental rethink and profound revision of the strategic orientation of their businesses for sustaining a competitive advantage (Bartezzaghi and Turco, 1989; Cagliano *et al.* 2005). Globalization has been fueled by the lure of cheaper labour markets, shortened product life cycles and advances in process technology (Rajagopal and Bernard, 1994). This has meant that manufacturing managers have needed to give a greater focus on the purchasing function to accommodate these developments. Purchasing has now become a core constituent of corporate strategy, needing to be more strategically aligned and coordinated with other business functions. But does this mean a manufacturing company has to become fully purchasing orientated, or does it mean purchasing has to be inter-woven with other functions, processes and objectives in a broader strategic orientation approach so that it is best equipped to meet its long term goals and become flexible enough to be able to respond to further business environmental changes? In achieving a new strategic orientation, Rajagopal and Bernard (1994)

emphasised the importance of coordinating top management support, resource and capabilities, structure and culture.

The empirical rationale for this research mainly derives from the findings from five influential UK manufacturing industry reports which reflected on the state of the UK economy and the competitiveness of UK manufacturing between 2008 and 2012: the Pricewaterhouse Coopers (PwC) report (2009), the Business, Innovation and Skills (BIS) report (2010), the Internal Manufacturing Strategy Survey (IMSS) report, (2009), the Mellows-Facer (2010) report and the Royal Association of Engineers [RAE] report, (2012). These manufacturing reports, which will be more fully reviewed in this chapter, reveal that senior managers of UK manufacturing organisations have struggled to align their internal business strategies with the business environment which was being shaped by three main challenging factors: hyper-competition, economic hyper-turbulence and globalisation.

Hyper-turbulence is a term which frequently appears in the literature but it is rarely defined. A study by McCann and Selsky (1984) described hyper-turbulence as an environment shaped by forces which management find difficult to control (McCann and Selsky, 1984). It was clear from the manufacturing reports that hyper-turbulence affecting UK manufacturing was becoming a major cause for concern by UK government. BIS (2010) report highlighted a need for improving internal capabilities and resources in creating a sustainable source of differentiation.

One of the major issues identified in these reports was the management of strategy.

*“The strategy of an organisation is the guiding force for all organisational action”*

(Piercy, 2010, p.4)

The strategy of an organisation is important because it provides an overall business direction and focus in preventing business functions such as marketing and purchasing following their own agendas and functional targets (Piercy, 2010).

There are ample studies examining strategic change but there does not appear to be an accepted theory for explaining how organisations change strategic orientation; this is despite change management being at the forefront of managers’ minds (Amason, 2011). The only study identified, which examined change in strategic orientation from the individual manager’s perspective was by Omar *et al.* (2012). Their study examined the implementation of supply chain orientation (SCO) proposed as a strategic orientation. Omar *et al.* (2012) defined SCO as the recognition by top management of the strategic and tactical implications of managing the upstream and downstream flow of products, services, finances, and information across their suppliers and customers (*ibid*, p. 4). Omar *et al.* (2012) noted that supply chain related organisational change required a wider buy in from representatives outside of the business such as the customers or suppliers.

Building on this study, this research investigates why it is important for an organisation to manage a configuration of strategic orientation approaches and not just rely on one approach, which is often how strategic orientation is portrayed in the academic literature (Pearson, 1993). Chapter I takes a broad manufacturing sector focus in explaining why the authors of these five influential reports feel that UK manufacturers need to compete through their supply chains at a national and global level. To achieve this they will need to adopt a supply chain orientation (SCO) if research propositions by authors such as Esper *et al.* (2010) and Omar *et al.* (2012) are correct. SCO is not a new concept yet it was only first conceptualised in 2010 by Esper *et al.* (2010) who proposed three pillars, strategy, structure and behaviours as essential components of SCO which is further argued as an antecedent of SCM.

## 1.1 Research Motivation

The UK has a long established reputation for manufacturing quality products which dates back to the Industrial Revolution (Royal Association of Engineers Report [RAE], 2012). Manufacturing was also regarded as an important source of value for the UK economy (*ibid.*).

During the 1990s and onwards, there was a shift in wealth creation and high dependency in the UK to the services sector (Pricewaterhouse Coopers [PwC], 2009). This led to government, industry leaders and the media questioning the requirement of a more sustainable competitive advantage for the UK economy. The Royal Association of Engineers [RAE] report (2012) recommended investment in UK manufacturing due to its indigenous historical background and the wider impact that manufacturing created on related and supporting firms within industry supply chains. The report recommended that the UK should be encouraging indigenous manufacturing to protect skills and knowledge held in local communities to ensure economic growth. Instead, there was an increasing reliance on the services sector. A report by Business, Innovation and Skills [BIS] (2010), described UK manufacturing as:

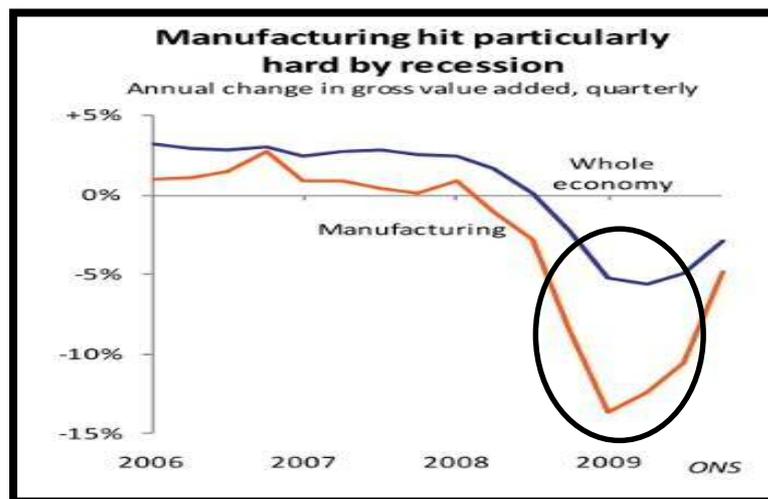
*“...the third largest sector in the UK economy, after business services and the wholesale/retail sector in terms of share of UK Gross Domestic Product. It generated some £140bn in gross value added, representing just over 11% of the UK economy. It also employed some 2.6 million people, representing over 8% of total UK employment”*

(BIS, 2010, p. v)

The BIS reports suggested that, in maintaining this share in Gross Domestic Product for the UK economy, managers of UK manufacturing firms had been forced to radically change the way they competed on a global scale in developing the value chain (BIS, 2010). In understanding the global competitive position of UK manufacturing, figures and trends for UK manufacturing were compared

with the rise in percentage growth for the services sector<sup>3</sup> in the Pricewaterhouse Coopers (PwC) report (2009) and the Business, Innovation and Skills (BIS) report (2010). The Mellows-Facer (2010) report showed a severe downward trend had occurred in UK manufacturing in comparison with other sectors (circled in Fig.1.1). This raised concerns by UK leaders and manufacturing managers about the future growth and contribution of manufacturing across all industry sectors in the UK to UK GDP (Gross Domestic Product) (ibid.).

By 2009, UK manufacturing had contracted from 32% of GDP in 1970, to around 12% of GDP in 2009 (BIS, 2010). The UK government delivered a cautionary message that the period ahead would represent that of relative long-term decline (PwC, 2009). This downward trend was particularly evident for those UK manufacturing organisations producing higher spend ('big ticket') items such as cars (Pridham and Dibben, 2009). UK manufacturers were being forced into a situation of relentless decline with customer demand for new products coming to a halt (Elliot, 2008). A short summary, characterising the UK economy is presented in Appendix 2 which helps to capture the economic conditions that UK manufacturers were facing between 2007 and 2012.



**Figure 1.1:** The recessional impact on UK manufacturing between 2006 and 2009 (Mellows-Facer, 2010)

<sup>3</sup> For the manufacturing sector productivity per employee has increased but employment has steadily fallen. For example in 1980 1 in 4 people employed within the UK worked in the manufacturing sector (PWC, 2009). In sharp contrast, by 2008 only 1 in 10 people worked in manufacturing, with almost 4 million UK manufacturing jobs lost between 1978-2008. Significantly, much of this change was due to improved efficiency in production (PWC, 2009).

The reports argued that the UK was experiencing a shift from manufacturing to the services sector and the UK and global business environment was being severely shaken by economic challenges<sup>4</sup>. The Mellows-Facer Government Report (2010) emphasised a need for UK manufacturers to regain focus following difficulties in the UK and global economy. This report highlighted concerns about the knock-on effect to large numbers of smaller suppliers in the supply chain when UK production levels fell sharply. This led to deepened concerns about the broader and longer term negative impact that a further decline in manufacturing could have on the sustainability of the UK economy (ibid.). The BIS (2010) and RAE (2012) manufacturing reports emphasised that competition in the manufacturing sector continued to get tougher.

## **1.2 Developing a More Competitive Strategy for UK Manufacturing**

Protecting and supporting existing UK manufacturers, and re-introducing the manufacturing of products which had previously been outsourced overseas back to the UK, were emphasised as key priorities (Royal Association of Engineers [RAE], 2012). A government report by Hughes (2013) stated the decline in UK Manufacturing was deemed to have hit crisis point, further reporting that a lack of financial support from UK Government in manufacturing research and development was inhibiting manufacturing performance and having a detrimental and irreversible effect on the global competitiveness of UK manufacturing.

*“...there needs to be a rebalancing away from financial services and towards manufacturing in order to improve exports and provide a strong foundation in the long run for the economy”*

(Cable, 2011 cited in Livesey and Thompson, 2013, p. 8)

The opportunity for a nation such as the UK to refocus on manufacturing was being portrayed in the BIS Report (2010) as being dependent on the factors of production and comparative advantage. These factors have been listed in the report as *“raw materials, physical capital, intangible investment, skilled and non-skilled labour, knowledge labour, natural resources and financial capital”* (BIS, 2010, p. 1).

In the academic literature, Porter (1990) argued that traditional factor inputs alone (labour, natural resources and finance capital) were insufficient for managing an increasingly global economy. In his book, *The Competitive Advantage of Nations*, Porter emphasised several important issues for competing nations. In addition to the traditional factor inputs, features such as market demand, the extent and existence of related and supporting industries, plus a firm's strategy, structure and rivalry were argued as four additional important elements for the competitive advantage of nations (ibid.).

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<sup>4</sup> A summary of the economic conditions is included with the findings at the end of this chapter.

The clustering or agglomeration of organisations within industries was a concept highlighted by Porter (2011). He argued that when industry firms geographically clustered this not only lowered transaction costs and improved efficiency, but also innovation was enabled and productivity growth was likely to be speeded up. Importantly, the Royal Association of Engineers Report [RAE] (2012) report highlighted that an indigenous skills base acted as a significant enabler in the creation of value across many industrial sectors in the UK, not just manufacturing. Therefore, in order to achieve a competitive strategy at a national level, it is first necessary to probe deeper into what is meant by value creation from an individual manufacturing firm's perspective.

The IMSS survey (2009) examined typical responses from individual manufacturing firms from 677 companies across 19 countries, including the UK. The report found that managers were “*forced*” to rethink competitive priorities in terms of continuously innovating and developing products and processes whilst building new knowledge. The survey (2009, p.13) identified three key areas which were proposed as the characteristics of successful manufacturers, which included:

- An emphasis on supply chain management in the global context;
- An emphasis on manufacturing process;
- An extension of product development is to provide supporting services

Similar emphasis on product, process and management of the supply chain was featured in the BIS (2010) report which emphasised that UK manufacturers could no longer focus on production alone. UK manufacturers remained competitive through differentiation strategies such as moving from a reliance on manufacturing production towards the support services, such as research and design, logistics, sales, marketing, and aftersales. This has been termed as the servitization of manufacturing (BIS, 2010, p. v).

Reflecting on these manufacturing reports, one of the most consistent and emphasised points was the need for manufacturing managers to identify and maintain a *fit* between strategy and the competitive business environment. Yet, achieving this *fit* seems to be a most challenging area to manage.

*“Most companies like to think of themselves as being particularly good relative to their competitors in certain areas...their objective is to guard this distinctive competence against outside attacks or internal aimlessness and to exploit it where possible...Unfortunately management becomes pre-occupied with marketing concerns and lose sight of manufacturing abilities”*

Hayes and Wheelwright, (1979, p. 136)

Quotations like this confirmed that manufacturers have long since been faced with the dilemma of achieving fit in balancing market needs driven from the business environment and the resources and

capabilities within the manufacturing firm. For example, the study by Hayes and Wheelwright emphasised the disengagement between marketing and manufacturing production. It seems that despite the authors' raising this as an issue over thirty years ago, the relationship between these business functions has continued to create anguish for many managers (Swink and Song, 2007; Juttner *et al.*, 2010).

In addressing the product, process and environmental fit challenges, Hayes and Wheelwright (1979), emphasised the importance of strategic orientation. They stated that manufacturing firms should recognise their traditional orientation, the one which was an inherent reflection of the firm's functional resources and capabilities. Elaborating on the term traditional orientation, the authors identified business model classifications such as a market orientated company or a manufacturing orientated company. They argued that a market orientated company, which aimed to satisfy customer needs, would most likely emphasise quality and flexibility in the manufacturing process. In contrast, a manufacturing orientated company would focus on its cost structure and process capabilities (Hayes and Wheelwright, 1979). The authors acknowledged cost as a driver for manufacturing firms moving from a product-orientated focus to a process-orientated focus. Hayes and Wheelwright further argued that as volumes increased and product ranges became more complex there needed to be a shift back to product-orientation for competitive advantage.

Appendix 3 illustrates the product and process matrix developed by Hayes and Wheelwright (1979), a framework deemed to be of high credibility amongst authors since its publication (Flynn *et al.*, 1999). This framework which delineated product, process, market and strategy has since become one of the most cited studies in operations management literature<sup>5</sup>.

Aligning this academic theory with the recent business environment, the IMSS (2009) report noted that senior managers of UK manufacturing firms have been faced with the product or process dilemma such as focusing on new product design over process improvement as a source of competitive advantage. As mentioned previously, the Mellows-Facer (2010) report emphasized the need for UK manufacturers to gain a renewed focus. In achieving this, one of the preliminary concerns for senior managers has been examining and perhaps re-establishing the appropriate strategy and strategic orientation for remaining competitive within the global marketplace.

The recommendations in the Mellows-Facer government report (2010) echoed those in the IMSS survey (2009), suggesting that manufacturing firms should no longer focus purely on the day-to-day running of the business. Instead, strategic planning of the internal production and a greater need to respond to change have become essential aspects of today's business management.

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<sup>5</sup> Google Scholar note 4,200 papers citing Hayes and Wheelwright (1979) – accessed 28/07/14

*“Modern manufacturing is not so much an industrial sector in itself as an activity which influences and is often an integral part of many industrial sectors and all parts of the economy”, “.... far from being outdated, the UK’s manufacturing base can provide an efficient and flexible foundation on which to build new global industries”*

(RAE, 2012, p. 4)

The reports and studies reviewed so far in Chapter I confirmed that UK manufacturers have experienced a unique set of difficult trading conditions. In addition to the global competitive challenges, there was a prolonged period of economic uncertainty in the UK from 2008 (BBC: UK in a double dip recession, 2012) and a debate has continued about the stability and growth of the UK economy (Reuters, 2014).

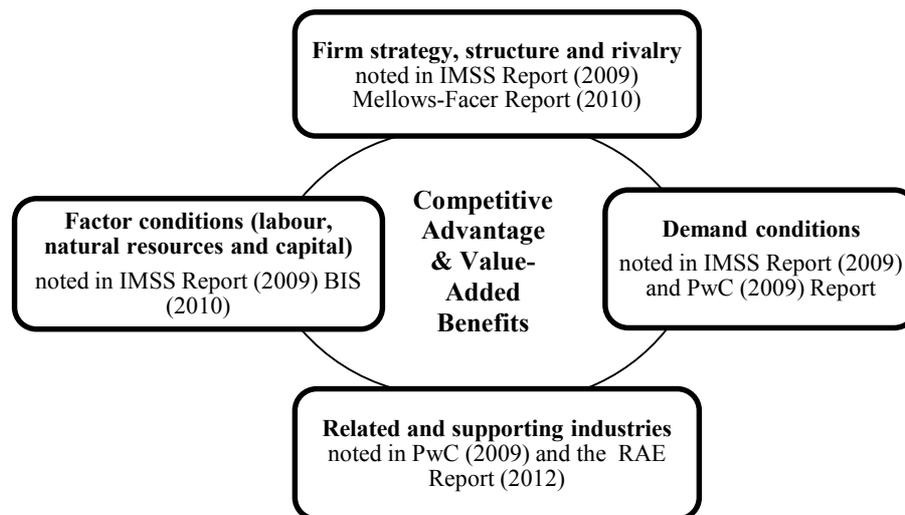
Managers of UK manufacturers have felt pressured to create a new source of competitive advantage for their business in ensuring that their market position is maintained and improved. *“Business has to change because markets and people have changed”* (Piercy and Cravens. 2010, p.4). Piercy and Cravens further emphasised that managers must appreciate a number of *“imperatives for new types of competitiveness”*, such as *“changing value requirements of consumers and business customers in their purchasing patterns; the impact of an environment increasingly characterised by a lack of trust in business”* and *“changed market structures”* (ibid.).

So far, some common themes seem to reoccur and distilled down, represent some of the key challenges facing manufacturing managers:

- All five manufacturing reports highlighted the need to understand systems and end-to-end process: the management of the internal and external supply chain. However, the manufacturing reports suggested that a refocus was required in understanding the right resources and capabilities for improving the system (Mellows-Facer, 2010). In doing so, it is helpful to consider the factors of production highlighted in the BIS report (2010) as: *“raw materials, physical capital, intangible investment, skilled and non-skilled labour, knowledge labour, natural resources and financial capital”* (ibid, p.1);
- Hayes and Wheelwright (1979) emphasised the need for manufacturers to understand the traditional orientation, the one which was an inherent reflection of the firm’s functional resources and capabilities. Whilst this theory is over thirty years old, manufacturing managers today seem to be faced with similar ongoing problems;
- Porter (1980; 1990), Bartezzaghi and Turco (1989), Shi and Gregory (1998) and Cagliano *et al.*, (2005) noted that managers needed guidance on critical issues, such as corporate structure, strategic capabilities and strategic processes. Piercy (2007) highlighted the ongoing problem of cross-functional conflict which was more prevalent between marketing and operations [production] functions.

- There needs to be a *fit* between manufacturers' strategy and the new hyper-competitive business environment (Hayes and Wheelwright, 1978; Piercy and Cravens, 2010; RAE, 2012).

These findings suggest that more research is needed to understand how a firm can re-evaluate its market proposition, strategy, strategic orientation and business model (structures, systems and processes). The challenges which have been highlighted in the five manufacturing reports for sustaining a competitive advantage further confirmed the contemporary relevance of a model first proposed in 1990 by Porter which is exhibited in Figure 1.2. Porter's factor conditions are mapped in Figure 1.2 against the key messages being conveyed in the five manufacturing reports.



**Figure 1.2:** Porter's 4 Factor Conditions for Competitive Advantage and Value-Added Benefits Mapped against five Manufacturing reports for Sustaining UK Manufacturing (Adapted from Porter, 1990).

The importance of managing the four factor conditions, proposed by Porter as competitive elements, requires focus both inside of the firm and outside of the firm to its supply chain (Porter, 1990). Porter also highlighted the importance of value and the value chain (Porter, 1980). The report by Royal Association of Engineers [RAE] (2012) highlighted production as representing the value-added aspect of UK manufacturing. The RAE report findings further noted the importance of protecting and building indigenous skills in the UK to create this value. This was considered in the report as a crucial value adding factor and a critical reason for keeping manufacturing in the UK.

Studies by Hayes and Wheelwright (1979), Shi and Gregory (1994) and Cagliano *et al.* (2005) have highlighted the ongoing challenges with managing the fit between the manufacturers' strategic orientation and the business environment. The five manufacturing reports featured in this chapter have concluded that there is a need to develop capabilities in strategic planning to prevent a further decline

in UK manufacturing. The reports also emphasised the importance of protecting and growing indigenous manufacturers due to the wider supply chain economic benefits.

### **1.3 Selecting the Manufacturing Case Industry for the Research**

In 2008, a newspaper article appeared in the Yorkshire Post, noting that UK caravan manufacturing was experiencing its worst downturn as consumer confidence was at an all-time low.

*"At this moment in time things are tough but by no means is it absolutely dire," he said. "It's a very resilient industry and will come through. I can see looking past the current troubles, 18 months down the chain we will be looking at a much more vibrant and bigger industry."*

Hibbs (2008) cited in Yorkshire Post (2008)

In the same article, National Caravan Council (NCC) noted that as is often the case, opportunities arise from a severe downturn in demand.

During the summer of 2009, an article was published in an industry journal, The NCC Business (Smailes, 2009) which highlighted the urgency required by industry members to think outside of the normal day-to-day running of the firm. Smailes, a window supplier challenged industry members to re-consider the supply chain issues in an effort to improve customer satisfaction; *"Without doubt the supply chain isn't working. It creates problems for the consumer"* further admitting these were *"tough words for tough times"* (Smailes, 2009, p.17).

The timing of this article was beneficial in that it highlighted the supply chain challenges which were threatening the long term plans for this UK manufacturing industry. It was important to repair these supply chain related problems as the success of caravan manufacturing is important for growing domestic tourism in the UK.

*"The caravan sector is vital for our economy and I will continue to lend my support to its very encouraging growth."*

(NCC: News Press Sir Gerald Howarth, MP visiting NCC, 2015)

*"The industry has a vital role to play in the battle to keep holiday spend in Britain, thus helping to stem the ever-widening gap in the tourism balance of payments. The UK touring caravan manufacturing industry is at the forefront of UK Tourism (NCC: Our Industry, n.d). The majority of businesses in the industry are SMEs or micro-enterprises, usually independently owned and managed as a family concern"* (ibid.). These key points relate to some of the findings noted from the five UK manufacturing reports featured previously. Manufacturing adds value to a national economy because its success helps other sectors to flourish, which in the case of UK touring caravan manufacturing is growth in UK

domestic tourism. These important factors provide the motivation for selecting the UK touring caravan manufacturing industry for gathering empirical evidence for this study. UK caravan manufacturing is a sector which has received very little coverage in academic studies yet it represents £6billion annually, equal to approximately 1% of UK gross domestic product and employs 150,000 people in the UK. (NCC: Our Industry, n.d; NCC, 2009).

The caravan manufacturing industry has received little exposure by academics previously; hence Chapter III presents background industry information which details an historical overview of the industry's market structure, growth patterns and supply related challenges. This is prior to the main research findings being presented in Chapter V.

### **1.4 Setting the Research Context**

The five influential manufacturing reports examined in this chapter have highlighted the difficulties faced by UK manufacturers in remaining competitive. Fundamentally, these reports have emphasised the importance recognising and achieving value beyond the manufacturing firm by reaching out to the manufacturing supply chain. This key finding prompts further investigation into the supply chain literature. In understanding how a manufacturing firm may achieve a competitive advantage, Figure 1.2 highlighted four key areas: demand conditions, factor conditions relating to the resources, related and supporting industries, and strategy, structure and rivalry. To better understand demand, factor and resource conditions the research will examine supply chain management (SCM). In understanding the firm's strategy, structure and rivalry the research will examine the concepts of strategic orientation, supply chain orientation (SCO) and cross-functional coordination. The key messages portrayed in the studies for SCM, SCO, strategic orientation and cross-functional coordination are introduced prior to a more in-depth examination in Chapter II.

- **Supply Chain Management (SCM)**

Studies which have examined supply chains and the management of supplies can be traced to the eighteenth century (Leenders and Fearon, 2008). However, SCM as a term didn't appear in published academic studies until the early 1980s (Oliver and Webber, 1982; Lambert and Cooper, 2000). Thereafter, studies of SCM evolved rapidly during the 1990s with conceptual developments and debates continuing in establishing firm boundaries for SCM. Harland (1996) acknowledged that SCM had been interpreted in many ways. Harland (1996) and Lamming *et al.* (2000) challenged the linear view of the supply chain concept proposing network theory by explaining that organisations existed as complex network clusters. Choi *et al.* (2001) further emphasised that difficulty in managing supply chain networks resulted in added complexity for the individual firm. Mentzer *et al.* (2001, p.18) defined SCM as *“the systemic, strategic coordination of the traditional business functions and the tactics across these*

*business functions within a particular company and across businesses within the supply chain, for the purposes of improving the long-term performance of the individual companies and the supply chain as a whole”.*

Cooper and Ellram (1993) had already emphasised the need for effective communication and coordination between business functions both inside the organisation and extended outside to all organisations within the supply chain. SCM has been referred to by Min and Mentzer (2004) as an extension of functional and process integration.

More recently, authors have been competing for an agreed conceptualisation of SCM in the operations and supply chain literature (Stock and Boyer, 2009). The research discipline has still been regarded by authors as in the infancy of its development (Guinipero *et al.* 2008; Sweeney, 2011). Despite the proliferating growth in the number of studies addressing SCM<sup>6</sup>, there remains a gap in the literature firstly, identifying a universally accepted definition and secondly, establishing clear boundaries (Mentzer *et al.* 2001; Stock and Boyer, 2009; Sweeney, 2011).

Despite these contradicting views on defining and delineating SCM, there exists a concurrent view in the literature that the strength of the buyer/supplier relationships within the supply chain and the management of the supply chain can provide a firm with a source of competitive advantage (Harland, 1996; Lummus and Vorkurka, 1999, Lambert and Cooper, 2000; Christopher, 2005). Furthermore, a competitive advantage becomes even more likely when the firm adopts SCM as an integrated philosophy (Mentzer *et al.* 2001; Sweeney, 2011), which suggests a behavioural change for all levels of employees within the firm.

Historically, the unit of analysis in supply chain studies has examined the inter-firm relationship involving often multiple organisation's in complex networks within a supply chain. This research will focus on the importance of understanding the firm's internal supply chain, argued as a pre-requisite for SCM (Mentzer *et al.*, 2001).

Three separate theories have become well established in SCM research and will be discussed more fully in this study. These include Systems Theory, Resource Dependence Theory (RDT) and Resource-Based View (RBV). The three theories have individually been applied to supply chain research. The literature review in Chapter II will examine how collectively, these theories support the manufacturing supply chain decision and the review will build on previous individual findings for all three theories in the supply chain context.

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<sup>6</sup> Statistics are provided in Chapter II in support of this claim

- **Supply Chain Orientation (SCO)**

The earliest studies of SCO examined ways of improving customer satisfaction, with authors' attention shifting from the inter-functional relationships across the external supply chain to the individual organisation as the unit of analysis (Lambert and Cooper, 1998; Cooper *et al.* 1997). At the turn of the century, SCO was considered as a new revolution in supply management research (Cooper *et al.* 1997; Maloni and Benton, 2000; Ganeshan *et al.* 2000). However, author interest in SCO has grown exponentially since 2005<sup>7</sup>.

Mentzer *et al.* (2001) were the first authors to distinguish between SCO and SCM, proposing SCO as a vital antecedent for SCM. The relationship between SCM and SCO became clearer when a fuller conceptualisation of SCO was offered by Esper *et al.* (2010). Their study identified three pillars highlighting the importance of strategic intent, supply chain capabilities and internal structure of the firm. Much of the existing research focusing on SCO has a marketing or logistics emphasis.

Effective management of the organisations' structure, systems and individual behaviours has been characterised in the literature as a firm's supply chain orientation (SCO) (Min and Mentzer, 2004; Esper *et al.* 2010). Whilst SCO has been linked as a business model solution there is little evidence in the literature which examines how and why SCO creates a business model<sup>8</sup> solution for manufacturing firms and how it leads to more effective SCM. The firm's business model encapsulates how managers create, deliver and depict value (Osterwalder and Pigneur, 2010).

Few, if any studies since Esper *et al.* (2010) have taken a zoom lens approach in examining the underlying basis of these three pillars in the supply chain or understanding the concept of strategic orientation in the supply relationship context. The various ways that SCO has been applied will be examined in Chapter II.

- **Cross-functional Coordination**

Business functions associated with supporting SCM have been identified in the literature as purchasing, operations, logistics and marketing. These business functions have collectively been referred to as "*the buying*", "*making*", "*moving*" and "*selling of stuff*" (New, 1997 cited in Sweeney, 2011, p. 38). Collaboration and integration across these business functions have been argued as important for achieving both SCM and SCO (Lambert and Cooper, 2000; Sweeney, 2011; Esper *et al.* 2010). In particular, the relationship between marketing and operations has long been recognised as value-adding

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<sup>7</sup> Google Scholar anytime search identifies 667 published papers, with 526 published since 2005. [Search conducted: 09/05/13] A more detailed evaluation of these findings can be found in Chapter II.

<sup>8</sup> Author variations on business model solutions are provided in Chapter 2

in support of effective SCM (Stevens, 1989) and deemed critical for the firm's success (Piercy, 2010 b).

In contrast to this, Hayes and Wheelwright (1979) highlighted that there is likely to be ongoing tension between marketing and production. Trade-offs between the marketing and production business functions have been examined extensively often linking this area of conflict to the management of supply chains (Crittenden *et al.* 1993; Crittenden & Crittenden, 1995; Piercy, 2010 b). The marketing and operations business functions continue to be acknowledged as conflicting, often leading to competing strategic orientations within the firm, especially in the manufacturing context (Piercy, 2007).

In addition to the marketing and operations [production] relationship, strategic purchasing has been recognised as essential for supporting the supply chain (Day, 1997; Carr and Smeltzer, 1999). The clerical, non-value-adding view of the purchasing function has become outdated (Reck and Long, 1988). As the role of purchasing has become strategically elevated within the firm (Cox and Lamming, 1996), it has often been referred to as a strategic orientation (Rajagopal and Bernard, 1994; Carr and Smeltzer, 1999; Guinipero *et al.* 2006). However, purchasing orientation continues to be questioned as a single solution to support the firm's supply chain. (Lawson *et al.* 2009).

Debates about the importance of purchasing and marketing in the supply chain context continue, yet collaboration and integration of these business functions are argued as being crucial in improving value for the firm and its customers (Lindgreen *et al.* 2009).

The emphasis in research for improving holistic overall value for the individual firm suggests a "...*shift, away from functional orientations towards a more company-wide focus*" (Sweeney, 2011, p.39). This finding by Sweeney corresponds with the developments of SCO and prompts the need for a fresh approach in examining the company wide focus in understanding the importance of supply chain flows across strategic business functions. The literature review in Chapter II will present a more in-depth and critical evaluation about the three business functions as strategic orientations: purchasing, marketing and production in support of SCO and SCM.

- **Strategic Orientation**

The introduction section of this chapter highlighted one of the challenges with examining strategic orientation in the supply chain context; that is the ambiguity which exists in defining strategic orientation. For example, McGee and Spiro (1988, p. 40) defined strategic orientation as "*a way of operating within the climate that the philosophy has set*". Understanding this definition requires a clear understanding of the meaning of philosophy<sup>9</sup>. In contrast, El-Ansary (2006, p.280) defined a strategic

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<sup>9</sup> Philosophy is defined and explained in Chapter II

orientation as “...a multi-dimensional variable that reflects the strategic purpose, market, knowledge, structure and functional strengths which influence management orientations”. These differing definitions illustrate why it is difficult to fully understand the role, extent and purpose of strategic orientation for the organisation, especially when it is applied in the supply chain context. For example, the latter definition by El-Ansary (2006) refers to “*management orientations*” as opposed to strategic orientations. The literature is also inconsistent in describing how the strategic orientation of a firm aligns with its business strategy. This suggests that orientations are not all strategic; hence an area which will be explored in Chapter II.

There is also no consensus in the literature over which key business environment challenges trigger the need for a new strategic orientation: a re-orientation. Johnson *et al.* (2008.p.57) proposed that “*one secret to maintaining a thriving business is recognising when it needs fundamental change*”. Even small changes within the business environment have been known to trigger major movements and re-orientations within the firm (Senge, 1991). Examples of well-known companies which have successfully undergone fundamental changes to the strategic orientation include IBM and Apple Inc., which provide two interesting case study examples of re-orientation. These are outlined as follows:

IBM – originally benefited from a monopoly position in the hardware market and its published history implied adopting an innovation and quality orientation. However, the information technology (IT) market had developed considerably since the dot com bubble in year 2000. To drive overall performance improvements for business growth, IBM became focused on and supported by a value orientation (VO) and a service orientation (SO) (IBM: our strategy).

Apple Inc. – The published history of this company suggests that the motivation behind Apple’s success lay with embracing diversification. Apple Inc. originally focused on both an innovation orientation (IO) and a design orientation (DO) to establish the brand but a more recent emphasis on market orientation drove Apple in developing new affordable products, successfully capturing the music and mobile applications market (Apple: FAQ).

Implementing the necessary changes required for transforming business models such as these, as demonstrated by IBM and Apple Inc. confirm the findings by Amini and Li (2010, p. 314), that when designing new products the supply chain needs to change: “*it is critical that the supply chain adapts to the changing environment in terms of demand, lead time and cost in the intermediate run*”.

There is no doubt that fundamental changes have been taking place in the business landscape which has made it fiercely competitive (Elnaugh, 2008). Yet, there does not appear to be an accepted theory for explaining how firms change strategic orientation; this is despite change management being at the forefront of managers’ minds (Amason, 2011).

A preliminary literature review in this chapter has exposed three key areas for closer examination in the literature review in Chapter II:

- Understanding how the firm's SCO decision supports supply chain related issues facing medium and large sized manufacturers;
- Defining and explaining supply chain orientation (SCO);
- Clarifying the role of strategic orientation

### **1.5 The Research Aim, Objectives and Research Questions**

The manufacturing sector has historically attracted a high level of interest by authors for academic studies (Elliot, 2008), and as already indicated, bringing back and sustaining the manufacturing sector to the UK has been a frequent topic of debate by government, academics and industry leaders. However, there are few existing academic studies, if any, which have explained how managers determine the appropriate strategic orientation and importantly, or explored the behaviours necessary for implementing the appropriate strategic orientation for firms in the manufacturing sector. This research aims to focus on these voids identified by examining the reasons for changing strategic orientation, the challenges being faced by managers when implementing strategic orientation, more specifically, supply chain orientation (SCO) and understanding the necessary behaviours which are required for effective SCO by the manufacturing organisation. The output from this research is a model which may later be used for testing the behavioural characteristics for SCO in an organisation.

The main purpose of this research is to examine the role of strategic orientation for effective supply chain management (SCM). Supply chain orientation (SCO) has already been established as a pre-requisite for SCM (Mentzer *et al.* 2001; Min and Mentzer, 2004, Esper *et al.* 2010) but as a key concept SCO research is under developed. This study investigates why it is important for an organisation to adopt SCO as a process orientation which integrates the functional strategic orientations together; in other words firms should not just rely on one function-based strategic orientation approach. SCO is highlighted in this research as a multiple construct requiring the alignment of three function-based strategic orientations: purchasing, marketing and production<sup>10</sup>. Existing studies have already identified that individually, these three strategic orientation approaches support the necessary supply chain flows, such as product, capital and information flows within the organisation. Managing these flows in the organisation is important for SCO (Mentzer *et al.* 2001). Esper *et al.* (2010) acknowledged the importance of managing specific behaviours, such as cooperation and trust for effective SCO. These

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<sup>10</sup> Production replaces operations in manufacturing context

behaviours enable the important linkages and dependencies between purchasing orientation, market orientation and production orientation and will form the focus of this study.

This chapter has examined five UK manufacturing reports, featured a preliminary review of key concepts: SCM, SCO, cross-functional coordination and strategic orientation and provided a rationale for utilising the UK touring caravan manufacturing industry, Three research questions are introduced here, though their full derivation is provided in Chapter II which will show clearly how each question was founded upon gaps identified in the literature. The three questions will be applied to the UK touring caravan manufacturing industry.

- **RQ1: How does supply chain orientation support supply chain management?**
- **RQ2: How may supply chain orientation be applied as a strategic orientation?**
- **RQ3: What is the role of strategic orientation?**

In addressing the three research questions, the main objectives are listed with each question.

#### **RQ1: How does the strategic orientation decision support supply chain management?**

This thesis offers practical implications for manufacturing managers and theory development for researchers in understanding the firm's internal supply chain by examining the UK touring caravan manufacturing case study firm's SCO as an antecedent for SCM.

- The output from the literature review in Chapter II offers a new conceptual model for measuring SCO. One of the important features for the model is that it shows how SCO is a pre-requisite for SCM.
- The characteristics of the three SCO pillars (strategy, structure and behaviours) identified by Esper *et al.* (2010) are explored during interviews with manufacturing representatives from purchasing, marketing and production. The purpose of the interviews is to understand the individual strategic business function's role in managing the supply chain. Participants from the UK touring caravan manufacturing industry are interviewed to establish the necessary behaviours for supporting SCO and identify any areas which require deeper research in fully understanding the implications of implementing SCO.

#### **RQ2: How may supply chain orientation be applied as a strategic orientation?**

The emergence of various strategic orientation approaches indicates an era of conceptual sophistication but it is less clear whether organisations need to adopt multiple strategic orientations at any one time.

The thesis will examine three function-based strategic orientations: purchasing, marketing and production for managing the firm's SCO<sup>11</sup>.

A key output of this research is to offer a framework for measuring a manufacturing firm's SCO. In tackling this research question the following objectives are considered.

- This study will explore SCO as a business model solution and source of sustainable competitive advantage for manufacturing firms.
- In understanding how the concept of strategic orientation may be applied as SCO, evidence of the three pillars for SCO (strategy, structure and behaviours) proposed by Esper *et al.* (2010) is gathered through a series of face-to-face interviews with representatives from the purchasing, marketing and production business functions in the UK Touring Caravan Manufacturing Industry.
- Information taken from the face-to-face interviews and observations will be mapped against the key concepts identified for underpinning SCO. This will help to establish any configuration patterns occurring in each case company. For example, there may be more strategic changes relating to purchasing in company A, whereas, company B may be more focused on marketing changes.

### **RQ3: What is the role of strategic orientation?**

The preliminary literature review in Chapter I has indicated that pinpointing a clear and succinct definition of strategic orientation is not so straightforward. Furthermore, the relationship between a firm's orientation and its strategy is unclear. Philosophy, culture and strategic orientation are difficult concepts to delineate in the existing literature.

- Utilising a range of electronic database searches such as Google Scholar and EBSCO Host ensures a broad range of existing definitions offered by authors across different management disciplines are compared and evaluated.
- Building on the widely cited traditional orientation classifications by Hayes and Wheelwright (1979), this research investigates whether managers in the UK Touring Caravan Manufacturing Industry need to focus on more than one strategic orientation, not only for corporate survival but for a sustainable competitive advantage.

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<sup>11</sup> The only published study identified at the time of submitting the thesis examines SCO with reference to the UK manufacturing sector is written by Gligor *et al.* (2014). Though, this study specifically examines supply chain agility.

- Taking a more focused search of studies, using a specific search phrase ‘*the role of strategic orientation*’, the thesis will examine the contrasting definitions to establish a unified definition of the role for strategic orientation.

## 1.6 Research Design Overview

Social Science is said to be “*the practice of a craft*” (Wright Mills, 1970.p.215). Therefore, recognising the need to “*craft*” the impending research, an introduction to the research design is presented.

The theoretical stance for this study is argued from a critical realist perspective. More evaluation on the research philosophy is provided in Chapter IV though a brief introduction to the critical realist approach is provided here. Critical realism has become a popular choice for those researchers studying organisations who are “*unpersuaded*” by interpretivist approaches (Wilmott, 2005, p.748). The critical realist approach is less frequently applied to SCM studies and there are few, if any existing studies examining SCO from a critical realist perspective. Critical realists argue that, although positivism is a valid approach, it is too crude to recognise human tendencies (Ackroyd and Fleetwood, 2004). Critical realists assert there are some realities that influence behaviours and that “*many entities exist independently of us and our investigation of them*” (Ackroyd and Fleetwood, 2000 p. 6).

Critical realism is based on a stratified ontology which derives from the works of Bhaskar (1978; 1989) and divides “*the real structures and mechanisms of the world and the actual patterns of events that they generate*” (Wilmott, 2005, p. 750). The ontology and epistemology enquiries will be explained in Chapter IV.

In support of the research philosophy, an abductive approach, as opposed to a deductive or inductive approach is argued by Kovac and Spens (2005) to be a more effective methodological paradigm for supply chain research and is the approach adopted for this research.

A mixed methods approach adopted for this research combines qualitative and quantitative approaches, which have been noted as complimentary approaches by Cresswell, (2009). Mixed methods research is also selected as it leads to methodological triangulation which can improve the validity and reliability of the research findings (Denzin, 1978; Danermark *et al.* 2002). Brown and Hedges (2009) and Mertens, (2011) claimed that mixed methods research not only creates new knowledge, it further emphasizes the researcher’s ethical responsibilities for data handling. The mixed methods approach provides the researcher with some “*meat on the bones*” to gain a “*fuller picture*” of “*the real, in-depth issues*” facing case companies from the UK touring caravan manufacturing industry (Bryman, 2008.p.106). This deep, probing approach compliments the critical realist approach being adopted for the research.

This supply chain research will emphasise the strategic orientation approach adopted by two manufacturing case companies. Hence the individual manufacturing organisation represents the main unit of analysis for the research. The evidence collected from interviews with the two manufacturers is corroborated by interviews with two suppliers and two retailers from the same industry. Hence, six case companies are selected in total. The UK touring caravan manufacturing industry is selected following the review of government sponsored manufacturing reports (IMSS, 2009; BIS, 2010; Mellows-face, 2010; RAE, 2012) which suggest UK touring caravan manufacturing supply chain members have been facing similar challenges to those being faced by other UK manufacturers during 2008.

Table 1.3 maps the research questions, research method and specific tools which will support the research objectives in addressing each research question.

RESEARCH QUESTION	QUALITATIVE or QUANTITATIVE APPROACH	TOOL KIT
<b>RQ1: How does the strategic orientation decision support supply chain management?</b>	Qualitative	<ul style="list-style-type: none"> <li>• Literature Review</li> <li>• Case studies</li> <li>• Field Visits</li> <li>• Interviews</li> <li>• Observations</li> </ul>
<b>RQ2: How may supply chain orientation be applied as a strategic orientation?</b>	Qualitative	<ul style="list-style-type: none"> <li>• Literature Review</li> <li>• Interviews</li> <li>• Field visits</li> <li>• Observations</li> </ul>
<b>RQ3: What is the role of Strategic Orientation?</b>	Qualitative / Quantitative	<ul style="list-style-type: none"> <li>• Literature Review</li> <li>• Case Studies</li> </ul>

**Table 1.1:** Methodological Overview

## 1.7 Thesis Structure

Finally, the thesis structure for each of the remaining six chapters is as follows:

- CHAPTER I – Provides insight to the research motivation and an introduction to the research background. It also covers key concepts for examination in Chapter II, introduces the core research questions and indicates the method and tools being employed. The case industry is introduced here prior to an historical industry overview being presented in Chapter III.
- CHAPTER II – The literature review examines the developments of SCM leading to the emergence of SCO as a source of sustainable competitive advantage. A systematic review of the strategic orientation concept is investigated starting across nine management disciplines. Strategic orientations are classified into function-based orientations (e.g. purchasing orientation); process-based orientations (e.g. supply chain orientation) and objective-based orientations (e.g. innovation

orientation). Once the full derivations for the three research questions are made clear, the literature findings culminate in a research model, which is proposed as being relevant for testing SCO in the UK manufacturing context.

- CHAPTER III – Due to the largely unexplored nature of the UK touring caravan manufacturing industry in academic studies, background industry information is compiled and presented in this chapter. This includes an historical overview of the touring caravan industry, the market structure of UK touring caravan manufacturers, production trends. It also highlights the supply chain challenges being faced by manufacturers at the outset of the research in 2008. In addition, a brief profile for each case company is presented.
- CHAPTER IV – The research process is presented divided into three main stages. The research philosophy and design are explained prior to the justification for case study methodology. The research methods used for the case studies, semi-structured interviews, observations and questionnaires are explained. The research sample is tabled listing interview participants, the number of interviews and the dates of interviews. In addition, consideration to research ethics, validity, generalisability and limitations issues are presented. Finally, the Atlas ti. v6 as a CAQDAS package is explained.
- CHAPTER V – The findings from interviews with two manufacturing case companies, two suppliers and two retailers are presented. The main findings were collected from the six companies between 2009 and 2011. Then, with the purpose of probing more deeply into the three business functions: purchasing, marketing and production, further data is collected from the two manufacturing companies between 2014 and 2015.
- CHAPTER VI – Findings from both the literature and case study interviews are analysed in the context of each of the three research questions using Atlas ti. v6 software. The research model for SCO proposed in Chapter II is considered as a tool to better understand the importance of business functions to support the firm's strategic orientation.
- CHAPTER VII - brings the thesis to a close, concluding with the theoretical and empirical research findings. The research contributions to theory development are detailed within this chapter before the limitations of the research are outlined and areas of future research suggested.

This chapter has set the scene for the research by highlighting the value added benefits of UK manufacturing organisations focusing on SCM. A preliminary review of key concepts: supply chain orientation (SCO), supply chain management (SCM), cross-functional coordination and strategic orientation has confirmed that an important antecedent for SCM is SCO. Two challenging areas highlighted in Chapter I for managers of organisations have included managing the internal supply chain across business functions and externally between businesses. In support of this, the importance of determining and deciding on the appropriate strategic orientation to fit the business environment has

been emphasised. Effective collaboration and coordination to avoid conflict amongst supply chain functions such as marketing, production and purchasing and between whole businesses is required if a more sustainable competitive advantage is to be achieved.

Building on Chapter 1, where the thesis structure, research motivation, the research design and the key concepts under examination have been introduced, Chapter II presents a review of the literature for SCM, SCO, cross-functional coordination and strategic orientation.

## **CHAPTER II - LITERATURE REVIEW**

Chapter I Introduction	Chapter II Literature Review	Chapter III Background Study of the Industry	Chapter IV Research Philosophy & Design	Chapter V Case Study Findings	Chapter VI Analysis, Interpretation & Discussion	Chapter VII Conclusions
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## 2. INTRODUCTION TO THE LITERATURE REVIEW

In Chapter I, the conclusions from UK manufacturing reports and a preliminary review of literature were combined to reveal three areas which require deeper examination in the literature review:

- Understanding how the firm's SCO decision supports supply chain related issues facing medium and large sized manufacturers
- Defining and explaining supply chain orientation (SCO)
- Clarifying the role of strategic orientation

In addition, Chapter I identified the historical and ongoing challenges with managing the concept of *fit* between a manufacturer's strategic orientation and the business environment (Hayes and Wheelwright, 1979; Shi and Gregory, 1998; Cagliano *et al.*, 2005).

Therefore, following the introduction to the key concepts in Chapter I, this chapter examines key concepts: Supply Chain Orientation (SCO), Supply Chain Management (SCM), Cross-functional Coordination and Strategic Orientation. The concepts of philosophy, culture and *fit* are explored in relation to SCO. The review further investigates how purchasing and marketing functions support manufacturing production for effective SCM and SCO.

The review concludes by highlighting areas for new research as suggested by supply chain authors. These create the foundations of the three research questions introduced in Chapter I.

The final output of the literature review is a research model developed from the literature which delineates and conceptualises SCO. This model will be empirically tested against the UK Touring Caravan Manufacturing Industry in Chapter V and the findings analysed in Chapter VI. As mentioned in Chapter I, the selected case industry, the UK Touring Caravan Manufacturing Industry, has been previously unexplored in academic research, with very few academic studies being published. Therefore, once the key concepts of SCO, SCM, Cross-functional Coordination and Strategic Orientation have been clearly defined and explained in Chapter II, where possible and relevant, SCM or SCO manufacturing studies from other industries are featured.

The aims of Chapter II are listed as follows:

- Understand the different approaches which have historically affected management thinking
- Identify the concept of value within the business model concept
- Define and conceptualise supply chain management, further identifying relevant theories which have been applied in the supply chain context
- Distinguish between management philosophy, organisational culture and an organisation's business model
- Explain the concept of supply chain orientation
- Outline the historical development of various strategic orientations which have emerged in the existing literature
- Examine the challenges of coordinating strategic functions such as purchasing, marketing and production which support supply chain management
- Synthesise the literature findings to highlight the importance of firms adopting a configuration of strategic orientation approaches as a business model solution for sustainable competitive advantage

## **2.1 History of Management Thinking**

It is worth noting at this point that the founding studies which highlighted the strategic orientation concept were identified as having been published mainly in the strategic management or marketing literature. Most of the studies examining the role of strategic orientation were published in the Journal of Business Research, Decision Sciences or Strategic Management Journal. The review starts by examining the historical approaches in management theory and practice. The evolution of management thinking is compiled and tabled. In order to maintain focus on the role of strategic orientation within this review, the table is presented in Table 2.1. A summary of the evolution in management thinking helps us in understanding why different approaches have been adopted by managers over time. The findings in Table 2.1 are mapped into four categories which have been established from researching the strategic management and marketing literature. The four classifications include: Historical Events, Business Thinking, Schools of Thought and Management Eras. The table shows how important milestones and political events have influenced developments in management thinking which can be aligned to three main schools of thought: classical management, neo-classical and modern management (Cole, 1996; Bose, 2006). Each of these three approaches in management thinking is now characterised with emphasis given to modern management which seems to be portrayed as infinite in the literature.

Approximate Period	Historical Events	Business Thinking	Schools of Thought	Proposed ERAs in Management Thinking
Pre- 1900-1930	World War I Liberalism Economic Depression	Scientific Management (Taylorism) Fordism Mass Production	<b>Classical Management Era (1880-1930)</b> ..... Fayol, (1841-1925) Taylor (1856-1915)	<b>Production Era</b> (Pre-1900-1930)  <b>Sales Era</b> (1920-1960)
1931-1970	Trade Union Movement World War II Political and Social Crisis	Toyota Production System (TPS) /Just-in-time (JIT) Product Differentiation	<b>Neo-classical Management Era (1930-1950)</b> ..... <i>Environment, technology &amp; structure</i> Pugh & Hickson (1968) Lawrence & Lorsche (1967)	<b>Customer Era</b> (1950 – Present)  <b>Marketing Era</b> (1950- Present)
1971- 2000	Individualism (removal of trade unionism)	Mass-Customisation Entrepreneurism Systems thinking Lean thinking Supply Chain Management Modularisation	<b>Modern Management (1950 onwards)</b> ..... Porter (1980) <i>Competitive Advantage</i> Mintzberg (1983); Peters (1984) <i>Configuration theory</i>	<b>Relationship Era</b> (1990s-Present)
2001 - 2010	Free markets Trading Blocks Global Warming	Globalisation Agile Sustainable supply chains		<b>New Era</b> (2000 – Current -Future)

**Table 2.1:** Political milestones and changes in business thinking (Adapted from Griffith, 1963; Cole, 1996; Bose, 2006; Jones and Richardson, 2005).

In understanding the various management theories and approaches which have been proposed since year 1900, Table 2.1 highlights four perspectives taken from the strategic management and marketing literature: Historical events, Business Thinking, Schools of Thought and Management Eras.

**CLASSICAL MANAGEMENT** – Early industrial movements such as **Fordism** and **Scientific Management** during 1900-1930 which represented two paradigms for improving business management. Both the Fordism movement and Scientific Management have provided major breakthroughs for managers in terms of improving production efficiency. Fordism was defined thus: “Mass production began in Detroit in 1914 when Henry Ford discovered that a moving assembly line using interchangeable parts could radically reduce the cost of making motor cars” (BBC: Rise and fall

of mass production, n.d). In 1909, Frederick Winslow Taylor published *The Principles of Scientific Management*, proposing that if managers optimised and simplified job roles, productivity would increase. He further recognised the importance of workers and managers working cooperatively (Mind Tools: Understanding Taylorism and early Management Theory, n.d).

**NEO-CLASSICAL** – During this period, the onset of World War II brought a restriction on the supply of goods for manufacture, which in turn forced managers to first realise the benefits of operating with reduced inventory levels of what is now known as just-in-time (Found and Rich, 2007).

Whilst Table 2.1 infers that there have been many overlapping approaches adopted by managers, the time series mapping does not highlight the inconsistency of implementing these approaches worldwide and across industry sectors. For example, whilst the Production Era has mostly been associated in the marketing literature with The Industrial Era, 1870-1930 (Fullerton, 1988), studies on **mass production** were being published into the 1950s and 1960s, and developed continually to the present day. The business ethos adopted by Western manufacturers during the 1950s was governed by Say's Law (1950); manufacturing managers operated utilising a push system meaning that there would always be demand for a product if sufficient numbers were mass produced (Fullerton, 1988).

**MODERN MANAGEMENT** – It can be taken that modern management started in the post war period and became clearly identifiable in the 1960s. Several concepts and philosophies became the focus of research in understanding strategy formulation, customer value, the lean and agile paradigms, supply chain management and sustainability. Each of these concepts and philosophies is now discussed.

**JIT (Just-in-time)** method of production became recognised as a corporate philosophy by 1980s, meaning supplies of goods were received in response to customer orders. This JIT or pull system, when implemented became a significant factor in reducing the level of obsolete goods (Womack and Jones, 1996). **Lean thinking** as a corporate philosophy has been one of the many significant developments in the history of management (Womack *et al.*, 1990, Womack and Jones, 2005; Hines and Holweg, 2004; Hines *et al.*, 2011). Lean thinking as a systems approach largely focused on improving customer value, removing waste and optimising value internally within the organisation (Womack *et al.*, 1990, Womack and Jones, 1996, 2005). The five principles of lean implementation have since become an important source of reference for managers across all industry sectors and worldwide. The five principles, namely 1) value from the customer perspective 2) mapping the value stream to remove waste 3) creating flow 4) establishing pull systems 5) seeking perfection, continue to be applied and have since been developed by authors such as Rich *et al.* (2006).

During the 1980s, authors such as Porter (1980), Mintzberg and Waters (1985) and Peters and Waterman (1984) started to recognise the significance of **strategy implementation** through

understanding the corporate mission, culture, structure and configuration of the firm in addressing business environment challenges (Cole, 1996). Drucker (1998) argued that managers continued to face similar management challenges to those which existed in the early 1900s. The challenges emphasised by Drucker included difficulties in managing personnel, managing internal cost structures, matching internal supply with customer demand and responding appropriately to dynamic forces from the external business environment such as competitive, political and economic factors. In response to these numerous challenges, management theory became increasingly sophisticated, offering managers a complex variety of business solutions.

By the late 1980s, managers' attention was drawn away from the firm itself and to the extended supply chain (Christopher 1992, 1993, 1996, 2000; Christopher and Lee, 2004). By the mid-1990s, globalisation was being reported as affecting the competitive landscape, forcing firms into a state of hyper-competition (Llinitch *et al.*, 1996). By the new millennium, greater emphasis was being placed on understanding supply chains and supply chain networks, linking concepts such as lean and **agility** (Christopher, 2000). Agile supply chains reflected a new dynamism in meeting fluctuating customer demand levels (Christopher, 2005a, 2009). Furthermore, the increasing number of studies examining **sustainability** and the design of sustainable supply chains signalled a new era in business thinking (Walker, 2010). Interest in managing sustainable supply chains highlighted the importance of specific business functions in managing the internal supply chain. These included purchasing, supply and marketing (Seuring and Muller, 2008; Walker and Preuss, 2008; Hoejmosse *et al.*, 2012). Sustainability encapsulated social, economic and environmental issues in ensuring that firms' supply chain managers accepted responsibility for the externalities generated by their actions (Walker *et al.*, 2008).

Table 2.1 encapsulates management thinking into time frames, indicating trends in business which have often been termed in the literature 'eras' of marketing development (Keith, 1960). However, there exists a problem with typologies and classifications such as this. Using this method of analysis could lead to an assumption that all firms and industries followed the same pattern, which may not represent real world practices. The principle behind managing the supply chain dates back to 18<sup>th</sup> century, yet, SCM was not fully conceptualised until the 1980s (Leenders and Fearon, 2008). Studies examining the concept of sustainability can be traced back to the early 1900s, yet most of the conceptual developments in sustainable procurement and sustainable supply chain management (SSCM) have occurred since 1995 (Miller, 1997; Hines, 1995). Marketing specialists have picked up on these contradictions and started to question the myth of the development eras which have supposedly been shaping the history of management thinking (Keith, 1960; Jones and Richardson, 2005; Fullerton, 1988; Hollander and Rassauli, 2005; Tadajewski and Jones, 2008; Tamilia, 2009; Shaw *et al.*, 2009; Tadejeski, 2009). This heightened interest in debate has even resulted in the development of a new journal publication: the Journal of Historical Research in Marketing.

Whilst Table 2.1 has been useful in understanding the evolution of management thinking, there are difficulties associated with this type of classification in fully understanding the precise time boundaries for each approach. This suggests there may also be problems in understanding the foundations of business model development.

## 2.2 Designing a Business Model

It has been argued that the purpose of any business, large or small, public, private and not-for-profit sectors largely remains the same (Johnson *et al.*, 2008). Firms need to be economically sustainable and all employees within the organisation must be fully committed to satisfying customer needs in ensuring that sufficient revenue is generated (*ibid.*).

*“Customers comprise the heart of any business model.  
Without customers, no company can survive for long”*  
(Osterwalder and Pigneur, 2011, p. 20)

In this review when examining SCM and SCO, the term customer is the business-to-business (B2B) relationship; this might not be the consumer. However, the important emphasis on managing the downstream relationship and prioritising the customer remains the same.

Since the 1990s there has been heightened interest<sup>12</sup> by authors questioning and examining the firms’ business models. Authors have tried to agree on the appropriate approach for firms in remaining competitive and economically sustainable (Zott *et al.*, 2011, p.17).

In the manufacturing context, the Hayes and Wheelwright framework (highlighted in Chapter 1 and Appendix 3) emphasised a paradigm shift in western manufacturing production approaches which meant that managers’ attention focused more on the process than the product. This switch in thinking prompted manufacturers to stop defining themselves by the products being produced and start to reconsider what the customer was truly demanding (Levitt, 1960) and how to best produce it (Hayes and Wheelwright, 1979; Hayes and Pisano, 1996).

*“In its structure, and its management problems and concerns...” the business model “will bear little resemblance to the typical manufacturing company, circa. 1950”*  
Drucker (1998, p. 2)

In understanding a firm’s business model, Levitt’s theory was re-emphasised in 2006 (p.126) when an editorial feature in Harvard Business Review prompted the question, *“What business are you in?”* In

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<sup>12</sup> 1,177 articles published since 1995; which can be largely attributed to the Internet boom with greater ease of information being disseminated (Zott *et al.*, 2011)

contrast, Magretta (2002, p.88) described the business model approach as new ‘gestalts’ or ‘ways of doing business’. More simply, the author suggested it was “... *a lot like writing a new story yet at some level; all new stories are variations on old ones...* (ibid).

Piercy and Cravens (2010) recognised that different business sectors required different business model approaches for responding to different dynamics in the business environment. When designing business models, managers should understand value creation; for example, Osterwalder *et al.*, (2010, p. 14) defined the business model as “...*how an organisation creates, delivers and captures value*”. In achieving this, the authors emphasised value added factors such as the customer, the products or services being offered, infrastructure and financial viability. Osterwalder *et al.*, referred to these as the important building blocks for designing a business model, “...*like a blueprint for a strategy to be implemented through organisational structures, processes and systems*” (ibid. p.15).

The development in SCM means it is frequently referred to as an important new business model concept.

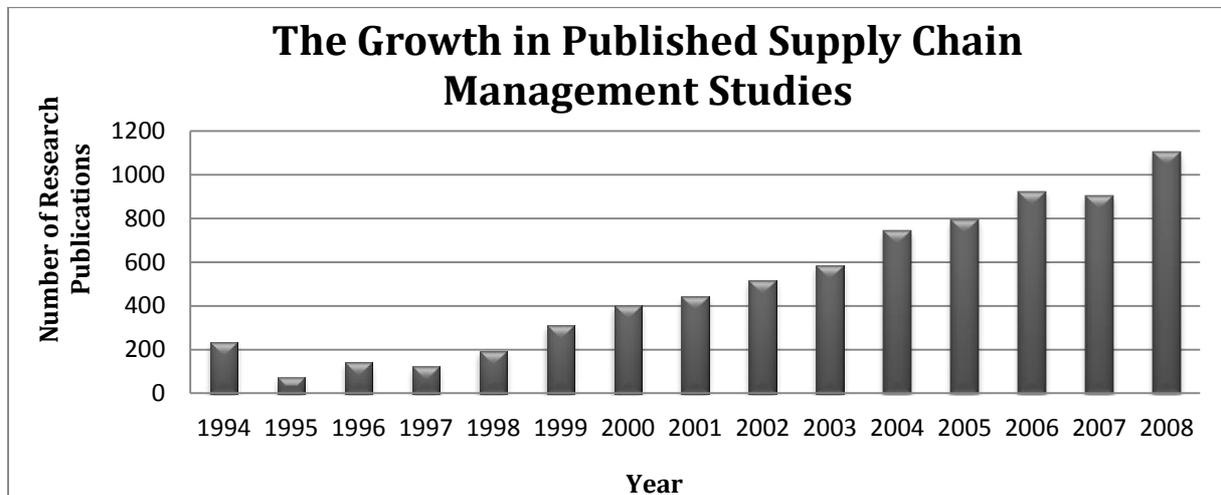
### **2.3 SCM as a Business Model Approach**

The supply chain concept originated as a military term dating back to the 18<sup>th</sup> century (Christopher, 1992). As illustrated in Table 2.1, developing supply related strategies such as JIT for preventing supplier failure was only fully realised during World War I and World War II when shortages in supplies to frontline troops was a potentially fatal error (ibid.). One of the founding authors, Forrester (1958, p.37) stated that in understanding the supply chain concept, management was on “*the verge of a major breakthrough*”. Forrester emphasised three important developments in supply management:

- Firstly, managers should understand the interrelationships across business functions, both within the organisation and extending to the supply base.
- Secondly, managers should recognise the important link between the organisation and its market.
- Thirdly, managers should build business relationships across the industry in which the organisation exists.

Despite these important supply related developments published in the 1950s, the term ‘supply chain management’ (SCM) did not appear in the academic literature until the early 1980s (Oliver and Webber, 1982; Lambert and Cooper, 2000). This period was followed by “*a rapid surge in SCM publications*” during the 1990s (Stock and Boyer, 2009, p.691). The exponential growth in the number of supply chain related studies is evidenced in Figure 2.1. The graph in Figure 2.1 demonstrates that the number of SCM

studies grew steadily between 1995 and 2008 with 74 studies published in 1995 rising to 1,105 in 2008<sup>13</sup>.



**Figure 2.1:** The growth in published SCM studies in refereed journals using ABI/ INFORM Database, (Adapted from Stock and Boyer, 2009).

An additional search at the time of writing the review [May, 2013] using database, ABI/INFORM<sup>14</sup> revealed this upward trend had continued with the number of studies being published more than doubling (2,051) the 2008 figure by 2012. A similar pattern indicating this sharp rise in interest was acknowledged in the industry, with Supply Chain Council membership rising to over 1,000 corporate members globally by 2011 (Supply Chain Council: SCC and SCOR Report).

As interest in SCM increased, this led to a “*fundamental shift*” in the way firms viewed the business model (Christopher and Towill, 2001, p. 14). SCM has been recognised as a discipline within its own right comparable to marketing (Croom *et al.*, 2000), and providing the firm with a sustainable source of competitive advantage, termed a competitive weapon (Mentzer *et al.*, 2001). In the last 10-20 years, it has been argued that organisations increasingly compete through their supply chains (Lambert and Cooper, 2000; Christopher, 2000, 2005b). These studies were further developed by, for example, Christopher’s (2009) who suggesting that the business model has been shaped by the development and recognition of the SCM concept. SCM can be defined as “*the systemic, strategic coordination of the traditional business functions and the tactics across these business functions within a particular company and across businesses within the supply chain, for the purposes of improving the long-term*

<sup>13</sup> Figure 2.2 is a graph created using data findings from Stock and Boyer’s research to examine the number of studies examining SCM between 1994 and 2008

<sup>14</sup> ABI/INFORM Search conducted 19/05/13 notes 1016 studies for 2008, 1562 in 2009, 1861 in 2010, in 1988 in 2011 and 2051 in 2012, (includes scholarly journals, working papers and conference papers and proceedings)

*performance of the individual companies and the supply chain as a whole*". (Mentzer *et al.*, 2001, p.18). SCM has been referred to by Min and Mentzer (2004) as an extension of functional and process integration. A more detailed explanation of the boundaries for SCM is presented following a review of theories.

## **2.4 Theories in SCM**

The theoretical foundations of SCM have been deeply rooted in systems dynamics and systems thinking (Evans *et al.*, 1995; Mentzer *et al.*, 2001). Systems thinking was originally defined as a subsystem of systems dynamics (Forester, 1958). However, authors such as Choi *et al.* (2001) argued that SCM as a network was much more than a straightforward linear system; it was a complex adaptive system. Methodologies in SCM have been mainly quantitative which Carter (2011) argued has limited authors' ability to probe more deeply into the behavioural aspects of implementing SCM.

Critical literature reviews on SCM theories by authors such as London and Kenley (2001) and Carter (2011) found that authors relied too heavily on theories borrowed from other research disciplines such as psychology and economics. The supply chain concept has become "*...part of an eclectic and developing hybridized field*" (London and Kenley, 2001, p. 778) and "*...the supply chain management discipline has largely failed to develop its own theoretical bases*" (Carter, 2011, p.3).

Chicksand *et al.* (2014, p.456) noted Defee *et al.* (2010) as major contributors in understanding the importance of theory, arguing that theory plays "*a central role*" in the development of a research discipline such as SCM.

### **2.4.1 Designing a Theoretical Framework for Understanding SCM**

Harland *et al.* (2006) suggested that prior to 2005 theory was not an important factor in developing the SCM research discipline. However, Chicksand *et al.* (2014) noted that theories were being applied extensively nowadays with numerous approaches being offered by authors. The authors examined papers from three established journals on SCM and purchasing and identified dominant theories which have been applied in these studies. The ten most frequently applied theories identified by the authors across three journals<sup>15</sup> included transaction cost economics, goal systems theory, equity theory, resource dependence theory (RDT), game theory, theory of constraints, systems theory, two factor theory, industrial organisational theory and resource based view (RBV). We can see from this list that some are sub-theories. For example, systems theory has been examined as goal systems theory and open systems theory (Emery and Trist, 1965; Chicksand *et al.*, 2014), similarly, RBV led to two factor theory (Chicksand *et al.*, 2014) and Salancik (1995, p. 345) argued that network theory was a revolution in

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<sup>15</sup> Supply Chain Management: An International Journal, the Journal of Purchasing and Supply Management and the Journal of Supply Chain Management.

organisational theory with authors focusing on organisational networks rather than on the individual organisation itself; this Salancik termed as focusing on the ‘forest’ rather than the ‘trees’. The introduction of network theory applied by authors such as Harland *et al.* (1996) inferred that there was a shift in emphasis from the individual organisation to all organisations across the supply chain.

We can extract from these studies the view that three theories especially have become established in SCM research and are thus discussed more fully in this review. The three are: Systems Theory, Resource Dependence Theory (RDT) and Resource-Based View (RBV). The emphasis for this research is placed on RDT and RBV but firstly, the foundations of each of the three theories are introduced.

**Systems Theory** originated from the behavioural sciences and was applied to analysing the internal processes of organisations with an emphasis on individual parts that needed to be related to the whole (Emery and Trist, 1965). Systems theory, otherwise known as the systems approach, has been extensively applied in the management sciences (*ibid.*), to the extent that it has started to become a discipline in its own right (Mingers and White, 2009). Historically, complex environments have been acknowledged as “*turbulent fields*” and authors such as Emery and Trist (1965, p. 13) have recognised how this affects systems in organisations, hence the emergence of what is more frequently termed by authors open systems theory.

In the operations management literature, Johnson *et al.* (1964) emphasised the importance of controlling systems by measuring inputs (such as fuel and materials) against outputs such as processed goods or services with clear value added. This theory relates well to developing research in SCM. Influential authors such as Christopher (1992) emphasised that individual organisations needed to work collectively to add value with emphasis on the whole supply chain of organisations rather than individual organisations within a supply chain. The same theory was applied within the individual organisation: Lambert and Cooper (1997) argued that organisations should avoid operating in functional silos, e.g. marketing and purchasing should work cooperatively rather than competitively. Lambert and Cooper (1997) proposed a more integrated and networked approach to managing the organisation.

Reflecting on these historical and revolutionary studies, it cannot be denied that the theoretical foundations of SCM have been deeply rooted in systems dynamics and systems thinking (Mentzer *et al.*, 2001). The Mentzer *et al.* study has been widely cited<sup>16</sup> in promoting SCM as a systems approach with linear supply chain flows such as capital, material and information for setting the supply chain boundaries for individual firms. These flows are illustrated later in the chapter in Figure 2.3. However, it is ironic that whilst systems theory originated from the behavioural sciences, there is less empirical

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<sup>16</sup> Cited amongst 1,635 studies; [http://scholar.google.co.uk/scholar?q=mentzer+2001&btnG=&hl=en&as\\_sdt=0%2C5](http://scholar.google.co.uk/scholar?q=mentzer+2001&btnG=&hl=en&as_sdt=0%2C5) [both searches conducted 09/05/13]

evidence in SCM research about the individual behaviours which support SCM. Authors such as Rigby *et al.* (2000, p. 178) argued that “*blanket descriptions*” of systems theory are less suited for capturing the “*softer aspects of interaction*”. Fugate *et al.* (2008) stressed that firms operate in an environment that is so rapidly changing and dynamic that management solutions require constant review. These studies have suggested that systems theory is not sufficient as a standalone theory for developing new SCM research.

**Resource Dependence Theory (RDT)** - In contrast to systems theory, “*the resource dependence model portrays the organization as active, and capable of changing, as well as responding to the environment*” (Aldrich and Pfeffer, 1976, p. 83). Early studies such as Aldrich and Pfeffer’s assumed that organisations initially sought survival dependent on the variations of internal structures and actions of employees (*ibid.*). In the early foundations of RDT development, Ulrich and Barney (1984) argued that business survival was dependent on attaining the necessary resources from other organisations within the supply chain. This key point can still be argued as typical of and relevant to the manufacturing sector today, where there should be a level of mutual dependence between the finished goods manufacturer or assembler and the suppliers within the supply chain.

RDT has been argued as emphasising the interdependency across business functions and across organisations in the supply chain (Rigby *et al.*, 2000) and consequently, RDT has been stated as being relevant for addressing the voids in systems theory for softer, behavioural-type research (*ibid.*).

Hillman *et al.* (2009) proposed RDT for explaining how environment factors impact inter and intra-organisational power<sup>17</sup>. Some supply chain studies with empirical evidence have since utilised RDT (Juttner *et al.*, 2010). RDT has frequently been linked with other theoretical lenses such as transaction cost economics and institutional theory, although it has been suggested that a research gap exists whereby “*integrating RDT with the resource-based view may be particularly productive*” (Hillman *et al.*, 2009, p.14). It is difficult to find an SCM study which proposes applying RDT and RBV.

**Resource-based View (RBV)** stems from the strategic management literature. Its conceptual foundations were laid by Barney (1991), in understanding a firm’s internal strengths, opportunities, weakness and threats as a basis from which to understand the company’s resource capabilities. As one of the pioneers of RBV, Barney examined and offered a clear distinction between three underpinning concepts: firm resources, competitive advantage and sustained competitive advantage. Barney (1991, 1995, 1997) argued that resource-based theory was a source of competitive advantage, claiming that internal resources were the secret to the organisation’s success...or a reason behind its failure. In other words, a firm which recognises its resources as a source for competitive advantage is more likely to

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<sup>17</sup> Inter-organisation involves the relationship between companies within a supply chain. Intra-organisation refers to the organisation itself

achieve a sustainable competitive advantage. Foss (1997) further emphasised that competitive advantage was reliant on specific employee behaviour patterns as managers tried to overcome day-to-day challenges.

RBV has since been applied in the SCM literature by authors such as Rungtusanatham *et al.* (2003) who applied RBV in developing a conceptual framework for explaining the advantages of a company's linkages, both internally within the firm and externally with supply chain members. The technological revolution has completely changed the way in which businesses have operated and supply chain firms have communicated which has led to increased emphasis on RBV as a popular application for manufacturing supply chain studies (Wu *et al.*, 2006). The authors stressed that technology would only be effective if employees had the right capabilities to use it (*ibid.*).

Many SCM studies have included brief mention of RDT and RBV but it seems that few authors have linked and applied both theoretical lenses. There does not seem to be any evidence of authors connecting the three theories, systems theory, RDT and RBV. Instead, the emphasis has traditionally been on comparing cost and network theories in support of systems thinking.

Authors such as Slone *et al.* (2007) have argued that the supply chain can only be as strong as its weakest link. This implies that each company is dependent on the success of its suppliers' and customers' resources and capabilities. Hence, it seems possible to connect RDT and RBV.

Based on the definitions provided for each of the three theories, systems theory, RDT and RBV, this research should consider whether a successfully operating system is dependent on the resources within the firm. This might include evidence of the individual behaviour of employees, their level of skills, knowledge, capabilities, and the firm's technological and financial resources.

#### **2.4.2 SCM as a Management Philosophy**

A significant finding when searching the supply chain and operations literature was the lack of journal articles offering clarity in defining management philosophy. Instead, emphasis has been placed on specific classifications of management philosophy, such as lean thinking, sustainability, theory of constraints and SCM.

When authors Rosenberg (1988) argued that authors adopting existing philosophical approaches was a weak excuse for not understanding how to answer the really important questions about human activity. Rosenberg concluded that philosophy should be applied to understanding the questions that science has not previously been able to answer.

Blackburn (2005) noted that the term 'philosophy' was frequently misunderstood, often inhabiting areas of ambiguity and perplexity. Hence, contrasting definitions were examined for this review. Whilst Davis

(1958) led the way with his definition of philosophy as simply a body of knowledge, relevant for solving problems, a more complex, in-depth view was offered by Rosenberg (1988), who stated that the discipline of philosophy was aimed at answering two types of question:

- Questions which the physical, biological, social, and behavioural sciences cannot answer
- Questions about why the sciences cannot answer the former questions

The author further proposed that social scientists selected well known or familiar methods from the natural sciences so that human behaviour could be more easily controlled and predicted within the boundaries of the framework being selected. This view was later endorsed by London and Kenley (2001) and Carter (2011).

A distinction between general philosophy and management philosophy was offered by Davis (1958). His work, it could be argued, is still relevant today. The author defined management philosophy as the relevant knowledge for solving problems in a business context. Importantly, Davis acknowledged the challenges facing managers when trying to align the management philosophy with a business environment which is changing continuously. This recognition of complexity perhaps justified a more developed definition, published by Borch (1964), who metaphorically compared the role of philosophy as an ‘umbrella’ term for managing business life. Borch was inferring that managers may seek more than one source of knowledge for solving a problem. However, successful problem solving was dependent on the resources and capabilities already held within the organisation (Barney, 1991, 1995).

Reflecting on the Borch (1964) definition, referring to philosophy as an ‘umbrella’ term seems to have some parallels with SCM. The association with SCM as a corporate philosophy became more frequently recognised amongst authors (Ellram and Cooper, 1990; Cooper and Ellram, 1993; Chandra and Kumar, 2000; Mentzer *et al.*, 2001). Mentzer *et al.* (2001) argued that implementation of SCM as a management philosophy relied on many elements including integrated behaviour, mutually shared information, mutually shared risks, cooperation, having the same goal and focusing on the customers, integration of processes and partners to build and maintain long-term relationships. Mentzer *et al.* (2001) argued that the SCM concept was only effective if it was embedded as a SCM philosophy within the firm. In other words, it relies on a top down approach and its success is driven by the knowledge held within the senior management for coping with unexpected environmental challenges and building the necessary trust for maintaining long-term relationships. Mentzer *et al.* further highlighted the importance of behavioural elements, including values, norms, culture and orientation for supporting the SCM philosophy.

More about philosophy, and its links to SCO as a business model, is discussed in greater detail in the section below once definitions are offered for culture.

### 2.4.3 SCM as an Organisational Culture

In the conceptual development of SCM, Mello and Stank (2005) highlighted the frequent confusion in SCM studies between culture and philosophy and consequently offered a distinction between the two terms:

*“...Management philosophy may be limited to certain individuals” usually at senior level, yet”...a strong culture is unlimited, existing throughout the organisation” affecting any employee.*

(Mello and Stank, 2005, p.543)

Amongst the many contrasting definitions of culture, as a concept it is commonly associated with characteristics such as group habits, customs and institutions (Bidney, 1942).

*“Culture is one of those terms that defy a single-purpose definition, and there are almost as many meanings of culture as people using the term.”*

(Ajiferuke and Boddewyn, 1970, p. 154, cited in Haiss, 1990)

In recognising this paradox, Haiss (1990) highlighted one of the earliest but all-encapsulating definitions of culture:

*“Culture is that complete whole which includes knowledge, belief, art, morals, laws, customs, and any other capabilities or habits acquired by man as a member of society”*

(Tylor, 1871, p. 1, cited in Haiss, 1990)

In its development, organisational culture was considered as a buzzword by researchers such as Hofstede, (1986). However, it has since developed to become a significant factor in shaping organisations. Hofstede (1980) stressed that culture reflected learned behaviour and was experienced by individuals through time spent with family, in school and then later in life at the workplace. Studies of Asian nations by Hofstede and Bond (1988) established that culture was not genetically transferred. Instead culture should be based on a set of accepted behaviours within our close networks (ibid.).

It has been claimed that each organisation has its own unique culture, broadly described by the strategist, Lynch (2006, p. 251) as *“a set of values, beliefs and learned ways of managing that govern organisational behaviour”*. Lynch further highlighted typical factors which may influence corporate culture. These include the firm history, ownership, company size, leadership style, and the vision and mission (ibid.). Reflecting on the definitions offered in this review, similar themes have been noted as recurring in studies examining culture, such as values, customs and beliefs.

The literature searches revealed a consistent message that effective SCM as a source of competitive advantage has relied on understanding the importance of corporate culture (Min and Mentzer, 2000; Mello and Stank, 2005; Cadden *et al.*, 2012). Cadden *et al.* (2012, p.87) examined the importance of a “*cultural fit*” between supply chain members. The authors acknowledged that a range of cultural orientations exists. Organisational culture is “*a complex and layered construct*” which needs further deconstructing (ibid. p. 96).

The notion of deconstructing the concept of culture becomes apparent when SCO as a business model is examined later in the review.

#### **2.4.4 Establishing the Boundaries of SCM**

Now that the principal concepts of theory, management philosophy and organisational culture, have been examined in the context of SCM, the boundaries of SCM can be explored more fully. Authors such as Stock and Boyer (2009) and Sweeney (2011) have agreed that the definition for SCM remains a topic for debate. Historically, SCM has been classed as all-encapsulating, impacting the organisation at the strategic, tactical and operational levels (Stevens, 1989; Cooper *et al.*, 1997). The earliest applications of SCM were founded in the manufacturing sector (Soni and Kodali, 2013). In their manufacturing study, which reviewed definitions for and the evolution of SCM, Lummus and Vorkurka, (1999, p.11) emphasised that “*firms can no longer compete effectively in isolation of their suppliers or other entities in the supply chain*”.

The strategic nature of SCM has been a key topic for examination, even culminating in a special edition of the International Journal of Operations and Production Management (IJOPM). In this publication, authors such as Harland *et al.* (2006), Burgess *et al.* (2006), Storey *et al.* (2006), Giunipero *et al.* (2006) and Cousins and Lawson (2006) examined the nature and development of SCM as a strategic factor amongst organisations. These studies confirmed the early views of Stevens (1989), Cooper *et al.* (1997) and Lambert and Cooper (2000), that SCM is a valuable management discipline. It is more than simply a strategy. One significant underlying challenge for implementing SCM was emphasised by Esper *et al.* (2010) as the alignment between the organisation’s strategic stance and its structure in ensuring a competitive advantage is maintained. Authors such as Klibi *et al.* (2010) further emphasised challenges from the business environment affecting supply networks which in turn can weaken the firm’s supply chain and were believed to impact the organisation’s competitive stance.

John Mentzer has been a major contributor in the development of supply chain research and has been featured heavily in this review. Mentzer’s research developed the importance of systems thinking by emphasising product, information, service and capital flows in supply chains. In his extensive supply chain research, Mentzer identified two perspectives for managing the supply chain flows, systems

theory and network theory, both of which could be applied internally and externally to the firm. Focusing on the external supply chain (flows outside of the firm); a review of the supply chain literature highlights two main schools of thought:

The supply chain has been viewed as a linear model emphasising forward flows of material between the raw material supplier and the end consumer (Oliver and Webber, 1982; Mentzer *et al.*, 2001).

The supply chain has been viewed as a more complex system, as a supply network (SN) (Mentzer, 2000; Choi *et al.*, 2001). Mentzer *et al.* (2001) identified three degrees of supply chain complexity by which to characterise supply chains, as shown in Figure 2.2.

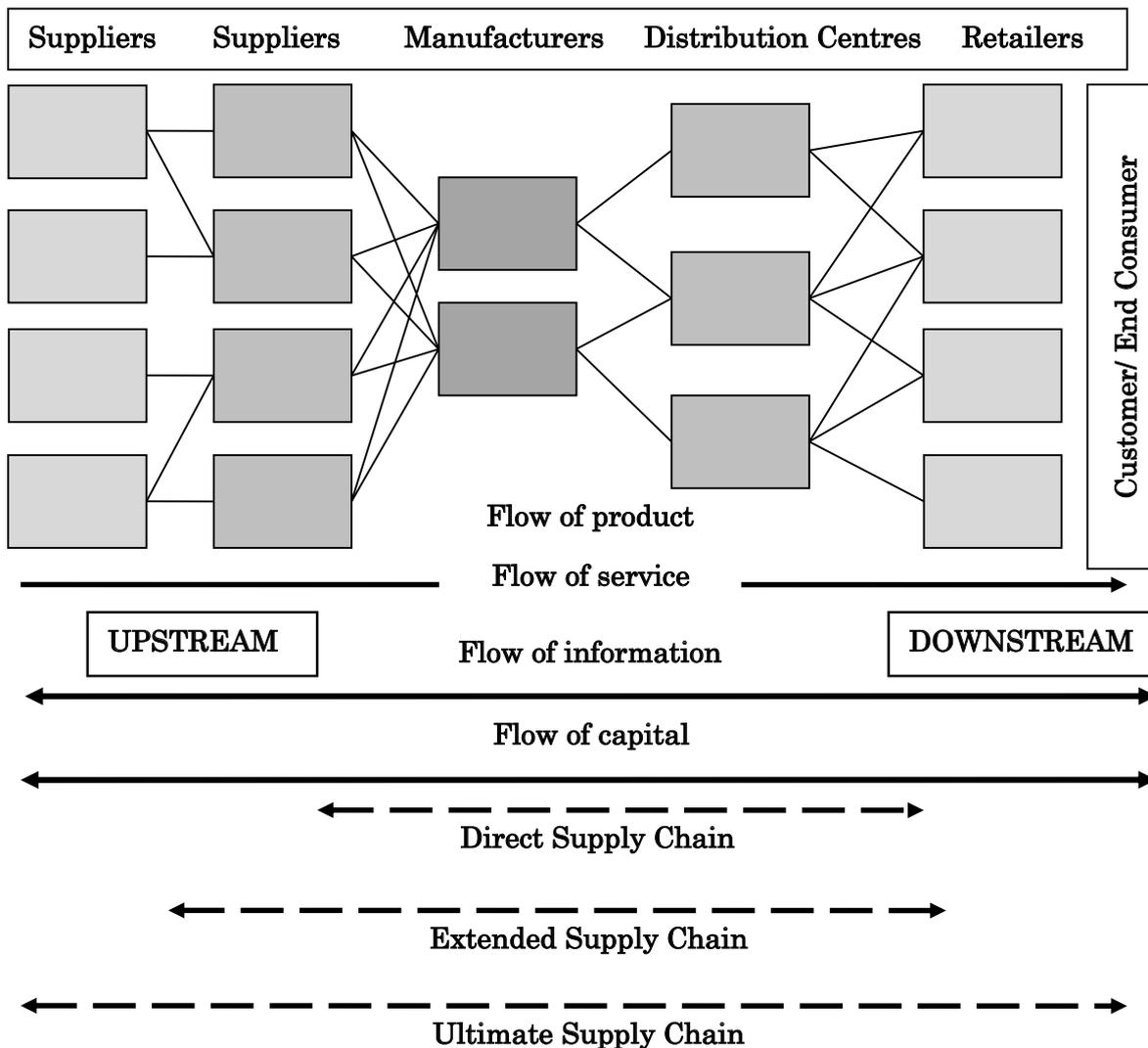
Firstly, *the direct supply chain* links a company, a supplier and a customer involved in the upstream or downstream flow of products, services, finance and information.

Secondly, *the extended supply chain* includes suppliers of the immediate supplier and customers of the immediate customer, all involved in the upstream or downstream flow of products, services, finance and information.

Thirdly, *the ultimate supply chain* includes all of the firms involved in the upstream and downstream flows of products, services, finance and information.

So, whilst Figure 2.2 identifies clear boundaries for SCM, there remains some debate within the literature. Mentzer *et al.* (2000, p.3) stressed there was a distinct difference between “*the supply chain phenomena*” and the “*management of those supply chains*”, which indicated problems in its implementation. The conceptualisation and boundaries of SCM are still regarded by authors as being in their infancy of development, despite authors proclaiming its significance to business (Sarkis, 2001; Stock and Boyer, 2009).

In addition, and in agreement with Stock and Boyer’s suggestion that SCM was still in its early stage of conceptual development, closer examination of the supply chain literature indicates that versions of systems theory and network theory are insufficient for analysing the necessary behaviours which underpin strategy implementation across supply chain flows. Regardless of whether these flows are linear or operating in networks, RDT and RBV would enable greater focus on the dependencies and resource capabilities within organisations for improving supply chain flows. Whilst Mentzer *et al.* (2001) emphasised that flows were directed downstream, the emphasis on partnering and closer collaborative working relationships suggest that flows such as information, service and sometimes capital need to flow upstream, downstream and across networks, as suggested in Figure 2.2.



**Figure 2.2:** Network supply chain emphasising four flows for supply chain management and the three degrees of supply chain complexity [shown as dashed lines] (adapted from Mentzer, 2000; Mentzer *et al.*, 2001).

The differing boundaries of SCM illustrated in Figure 2.2 bring into question its competitive scope (Naslund and Williamson, 2010). As SCM research advances, the boundaries seem to widen and the flows depicted in the figure may no longer be sufficient for organisations today.

Using the term ‘supply chain management’, Appendix 4 presents the findings of a Google Scholar search<sup>18</sup> utilised for identifying influential supply chain authors<sup>19</sup> (Simchi-Levi and Kaminsky, 2003; Chopra and Meindl, 2007; Hofmann, 2010).

<sup>18</sup> Google Scholar search conducted 30/06/11 considering published works on SCM with over 500 citations

<sup>19</sup> The number of citations has been argued as a reliable metric for determining the quality of research outputs (Cole, 1971; Gilbert, 1977), however, criticisms of using them still exist (Lee *et al.*, 2007). This method is defended as a useful tool for quickly identifying influential supply chain studies.

Appendix 4 highlights the concepts which have been examined in the supply chain context, such as the bullwhip or Forrester effect (Lee *et al.*, 1997; Disney and Towill, 2003), the concept of value-added networks (Christopher, 2005) and the emphasis on the relationship between SCM and strategy (Stank *et al.*, 2005; Chopra and Meindl, 2007).

The studies featured in Appendix 4 evidence the broad scope of SCM research. Not surprisingly, there has been an on-going debate amongst authors in trying to establish the scope of SCM; the debate is on, for example, ethical challenges of transparency in supply chains (Svensson, 2008). The number of supply chain related studies has developed SCM to become a widely recognised and supported research discipline in its own right (Croom *et al.*, 2000; Storey *et al.*, 2005), and authors such as Dwyer (2011) have kept the debate on-going.

One of the problems here may relate to the elusive goal of developing ‘good’ theory. Soni and Kodali (2013, p.290) argued that SCM still lacks a standard set of constructs which are exclusive to the management of supply chains. The authors examined 57 published SCM frameworks which highlighted conflicting paradigms taken from 1,807 journal articles which supported this argument for the lack of consistent constructs. Soni and Kodali (2013) found that SCM had developed a ‘plethora’ of constructs which have created confusing boundaries for new researchers. Taking this argument forward, this review has identified common themes and key constructs which support effective SCM; these include philosophy, culture, collaboration, trust, coordination and behaviour. These are summarised in Table 2.2.

A review of SCM studies has found that emphasis seems to have moved to understanding the inter-organisational relationship and flows of communication: the relationships between organisations across the supply chain. However, the list of common constructs identified and highlighted in Table 2.2 highlights the importance of understanding intra-organisational flows.

<b>COMMON SCM CONSTRUCTS IDENTIFIED</b>	<b>DESCRIPTION</b>
<b>PHILOSOPHY</b>	The philosophy of the organisation requires a specific set of activities such as integrated behaviour, mutually shared information, mutually shared risks, cooperation, the same goal and focus on the customers, integration of processes and partners to build and maintain long-term relationships (Mentzer <i>et al.</i> , 2001).
<b>CULTURE</b>	The culture of an organisation starts to become critical when individual employees liaise with other firms (inter-flows) within the supply chain (Mello and Stank, 2005). Cultural elements such as collaboration and coordination support the firm's structure Mello and Stank (2005).
<b>COLLABORATION</b>	Internal collaboration refers to the coordination of business units or business functions (Juttner and Christopher, 2013). The most frequently examined concepts which support supply chain collaboration include information sharing and trust ( <i>ibid.</i> ).
<b>TRUST</b>	An underpinning concept necessitating cooperation, coordination and collaboration; this is further supported by information sharing (Morgan and Hunt, 1994).
<b>COORDINATION</b>	Requires cooperative behaviour across the business functions within the firm (Juttner and Christopher, 2013).
<b>BEHAVIOUR</b>	Min <i>et al.</i> (2007) emphasised behavioural elements as critical components for supporting relationships across the firm's structure.

**Table 2.2:** Common constructs which support effective SCM (Author)

In Table 2.2, whilst collaboration, trust, coordination and behaviour could be applied externally within supply chain organisations, all six constructs could be applied internally within the individual supply chain organisation. This suggests that there is scope for future research which refocuses internally within the individual supply chain organisation.

## **2.5 Cross-functional Integration and SCM as a Source of Competitive Advantage**

One of the frequently examined concepts focusing internally within the supply chain organisation has been cross-functional coordination, with SCM being termed an extension of the concept of functional integration (Min and Mentzer, 2004).

*“Supply chain management extends the concept of functional integration (i.e. the integration of traditional business functions, departments, and processes)”*

Min and Mentzer (2004, p.63)

The importance of coordination across business functions, rather than operating in functional silos, has been a consistent message conveyed by authors, argued as essential for improving supply chain flows within the organisation (Thomas and Griffin, 1996; Lambert and Cooper, 2000, Arshinder and Deshmukh, 2008). In particular, cross-functional working across purchasing, operations [production] and logistics has been emphasised as contributing towards organisational performance (Hayes and Wheelright, 1979; Kahn and Mentzer, 1998; Pagell, 2004; Turkulainen and Ketokivi, 2012). Omar *et*

*al.* (2012a) emphasised the need for organisations to have relevant processes in place for supporting functional integration within and across organisations. However, there has been little SCM research examining the specific behaviours of individuals who manage these processes.

Traditionally, the business functions most commonly linked to SCM included logistics, marketing, production and operations management (Mentzer *et al.*, 2008), however, authors have increasingly started to include purchasing in the cross-functional SCM mix (Pagell, 2004; Sweeney, 2011). Sweeney (2011, p. 38) claimed that SCM involved “*the buying*”, “*making*”, “*moving*” and “*selling of stuff*”. This implied that SCM relies on purchasing, operations, logistics and marketing and sales. The key message to take from this study is that not one, but several business functions in the organisation need to contribute strategically for effective SCM.

Traditionally, the two business functions most frequently associated with adding value to an organisation have been marketing and operations (Piercy, 2007). However, an alternative connection between business functions has attracting increasing interest on the part of supply chain authors are purchasing and marketing. Purchasing and marketing have been argued to be collaborative and integrated orientation approaches for improving value for the organisation (Lindgreen *et al.*, 2009).

**SCM, Marketing and Competitive Advantage** – The most recent developments from both marketing and supply chain research have examined the close connections between marketing and SCM for adding value (Juttner and Christopher, 2013; Pero and Lamberti, 2013; Martensen and Mouritsen, 2013). These authors imply similarities between the two concepts and business disciplines relying on similar constructs such as understanding the customer, cross-functional coordination and developing close communication. Marketing, or an organisation which demonstrates market orientation, places the customer first in all decision-making, and relies on trust, information sharing, collaboration and cross-functional team working for achieving value for the customer (Juttner and Christopher, 2013).

**SCM, Purchasing and Competitive Advantage** – An increasing consensus is visible in the literature that the purchasing function has been strategically elevated within the organisation, moving from a passive, clerical and non-value adding role to become a strategic support system for effective SCM (Reck and Long, 1988; Spekman *et al.*, 1994; Carr and Smeltzer, 1999; Chen *et al.*, 2004). The supportive and integrative stages of the Reck and Long framework (1988) featured in Table 2.3 underlined the strategic importance of cross-functional coordination and purchasing as part of the organisation’s competitive advantage.

Stage of Strategic Purchasing Development	Description	Typical Characteristics
<b>Supportive</b>	Purchasing supports the firm's competitive strategy to strengthen the firm's competitive position	Continuous liaison with sales teams to understand variations in customer demand levels Fewer suppliers are treated as internal resources and are carefully selected and managed as partners Markets and products are continually monitored
<b>Integrative</b>	Fully integrated in the firm's competitive strategy.	An emphasis on cross-functional working and training is made available Permanent and effective lines of communication are established with other business functions such as finance, marketing and operations Purchasing performance is measured in terms of contributing to firm's success Purchasing is recognised as a highly skilled and professional role within the organisation and regular training is offered.

**Table 2.3:** Adapted version of Reck and Long's four-stage framework (Reck and Long, 1988)

The strategic contribution of the purchasing function has been recognised outside the supply chain research discipline; Amason (2011) writing as a strategist stated that the essence of competitive advantage lay firmly on the strategic importance of purchasing and supplier selection. This confirmed the views of authors such as Christopher (2005b) and Spekeman *et al.* (1998) who stated that an organisation was only as strong as its weakest supplier.

*"...real competition is not company against company but rather supply chain against supply chain."*  
(Christopher, 2005b, p.18)

The purchasing function has often been referred to in the literature as a strategic orientation for the organisation (Rajagopal and Bernard, 1994; Carr and Smeltzer, 1999; Guinipero *et al.*, 2006). However, the idea of purchasing orientation as a single solution in managing the firm's supply chain continues to be questioned (Lawson *et al.*, 2009).

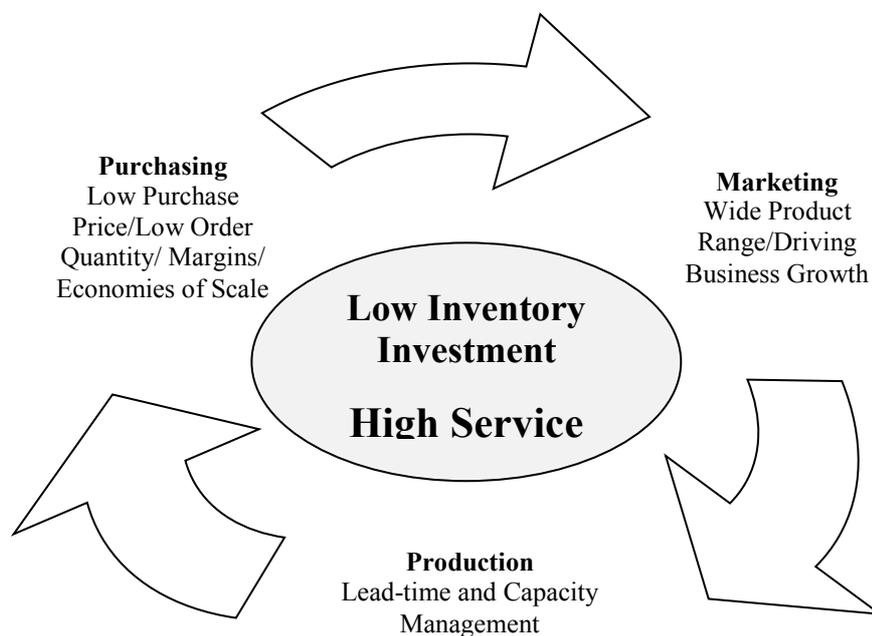
### 2.5.1 Cross-Functional Conflict

As introduced in Chapter I, authors have long acknowledged the difficulties with coordinating business functions in manufacturing. Cross-functional conflict is nothing new. Authors such as Shapiro (1977) raised the vital question, "*Can manufacturing and marketing coexist?*" Traditionally, marketing, purchasing and production have been portrayed by authors as operating independently in 'silos' (Lambert and Cooper, 2000). Each business function was perceived as working to achieve its own goals

and plans, but according to Ganeshan and Harrison (1996), this in itself was thought to create tensions and cross-functional conflict.

For easier and quick visibility, Figure 2.3 highlights areas which have resulted in conflict and trade-offs in manufacturing. The trade-offs and potential areas for conflict illustrated in Figure 2.3 have become popular areas for examination in supply chain studies, affecting business functions such as production, marketing and purchasing which have been recognised as supporting effective SCM.

Studies examining cross-functional conflict seem to have largely focused on examining the marketing and either the production or operations<sup>20</sup> conflict by authors such as, Shapiro (1977), Crittenden *et al.* (1993), Crittenden and Crittenden, (1995), Piercy (2007) and Erickson (2011).



**Figure 2.3:** Balanced supply chain trade- offs (Adapted from Piercy, 2007)

Piercy (2007), meanwhile, emphasised that the marketing and operations functions were value adding in support of effective SCM. However, these two business functions have been increasingly characterised as conflicting strategic orientations within the firm. Marketing and operations determined “...*what is produced, how it is produced and actually delivering goods and services to customers*” (ibid.p.185). Figure 2.3 demonstrates that as marketing has pushed for a wider range of products, order quantities with suppliers have been reduced and smaller orders being delivered more frequently.

<sup>20</sup> The operations function is often termed the production or manufacturing business function, depending on the industry sector employed for the empirical study or the research field in which the study is positioned.

Purchasing seems to be constantly challenged by marketing and operations in lowering supplier costs to remain competitive.

Authors have delivered a clear and consistent message that organisations need to provide a smoother interface between the production and marketing business functions (Shapiro, 1977; Crittenden *et al.*, 1993; Kahn and Mentzer, 1998; Piercy, 2007; Piercy, 2009). Cross-functional coordination is essential (Tyagi and Sawhney, 2010); however, effective coordination firstly depends on the firm's internal structure, and secondly, on the firm's ability to share knowledge and information (Faraj and Xiao, 2011).

Wong *et al.* (2011), Faraj and Xiao (2011), Omar *et al.* (2012b) and Bendoly and Bharadwaj (2012) stress that cross-functional coordination becomes even more critical when the business environment is characterised as uncertain or unstable. "*At its core, coordination is about the integration of organisational work under conditions of task interdependence and uncertainty*" (Faraj and Xiao, 2011, p.187)

### **2.5.2 SCM and SCO**

Juttner and Christopher (2013) proposed three key features of SCM which are helpful for capturing the key points from this section of the review:

- SCM considers a holistic and systems view of firms within the supply chain;
- SCM is customer driven;
- SCM requires a cross-functional orientation to ensure coordination within the firm and across firms within the supply chain.

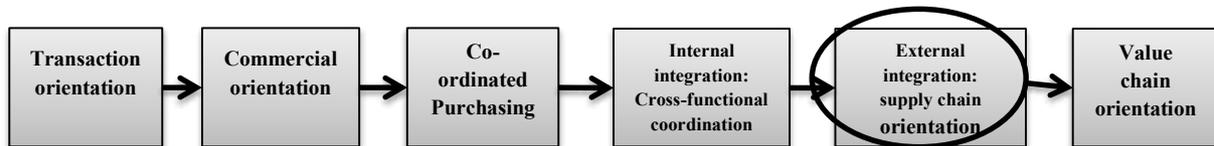
Building on these key features, one critical development in the SCM literature has been the refocusing on the supply chain organisation with the emergence of supply chain orientation (SCO) (Mentzer *et al.*, 2001). For effective implementation of SCM, Mello and Stank (2005) argued that the individual organisation first needs to adopt a supply chain culture. A closer re-examination of studies emphasising culture as a critical aspect of SCM reveals that supply chain culture orientation (SCCO) has been more frequently termed in the literature as supply chain orientation (SCO) (Mentzer *et al.*, 2001; Min *et al.*, 2007; Esper *et al.*, 2010).

The complex nature of an organisation's orientation has been widely debated since the 1900s across a number of business management research fields and the strategic orientation concept is explained in greater detail within this chapter. Firstly, SCO is examined as an antecedent of SCM.

## 2.6 Supply Chain Orientation (SCO)

The review has so far indicated that authors seemed to have linked the root cause of problems with implementing SCM with the individual organisation. This knowledge has steered author interest in SCM research in understanding the internal supply chain. Hence, SCO becomes a principal area for investigation in this thesis.

SCO as a term first appeared in the academic literature in the 1990s when authors' interest in SCM and logistics grew in trying to understand how customer satisfaction could be improved (Lambert, 1992; Lambert *et al.*, 1998). Early interpretations of the concept in the 1990s were quite contradictory to the view held today. For example, Van Weele and Rozemeijer (1996) included SCO as part of a six-stage integrated framework for explaining the evolution of purchasing. However, it can be seen in Figure 2.4 that SCO (circled) refers to the “*external integration*” of purchasing with other business functions in the supply chain, not the internal integration, as it was later more commonly linked to.



**Figure 2.4:** Six-stage framework explaining the evolution of purchasing within organisations (adapted from van Weele and Rozemeijer, 1996).

Mentzer *et al.* (2001, p.11) defined SCO as a management philosophy and “*the recognition by an organization of the systemic, strategic implications of the tactical activities involved in managing the various flows in a supply chain*”. Mollenkopf *et al.* (2007) extended this definition by examining the issues with functional integration both inside the organisation (intra-functional coordination) and across the supply chain (inter-functional coordination), both forward and backward in the supply chain. Esper *et al.* (2010, p.162) further claimed that “*SCM focuses on the management of exchange flows within and across the members of the supply chain, SCO emphasises the strategic awareness and embracing of SCM within an individual supply chain firm*”.

These differing views in defining SCO prompted a wider search. Employing Google Scholar<sup>21</sup> as a search tool, use of the term ‘supply chain orientation’ was found in 580 published documents between 1992 and 2012, with the majority of studies being published from 2004 onwards (528 studies identified between 2004 and 2012). No further definitions were identified other than those offered and quoted earlier by Mentzer *et al.* (2001), Mollenkopf *et al.* (2007) and Esper *et al.* (2010).

<sup>21</sup> Search conducted 04/07/13. No articles were identified before 1992. 2013 was avoided due to being an incomplete year.

The papers from the search results were examined more closely in trying to understand the context of SCO studies, especially those applied to the manufacturing sector. Examples of these studies are presented in Table 2.4 and key concepts under examination are mapped against typical supply chain related issues highlighted by Lummus and Vokurka (1999).

<b>Supply Chain Issues (adapted from Lummus and Vorkurka, 1999)</b>	<b>SUPPLY CHAIN ORIENTATION (SCO) KEY MESSAGES</b>	<b>AUTHORS</b>
<b>Greater sharing of information</b>	SCO is argued as “ <i>the recognition by a company of the systemic strategic implications of the activities and processes involved in managing the various flows in a supply chain</i> ”	(Mentzer <i>et al.</i> , 2001, p. 14)
<b>Emphasis on material and information flow</b>	SCO requires a shift from functional to process thinking	(Abrahamsson, in Arlbjorn, 2008)
<b>Horizontal business processes replacing vertical departmental functions</b>	The core principles supporting SCO include structure and coordination of the primary activities. This concept is linked closely with cross-functional management	(Esper <i>et al.</i> , 2010)
<b>Shift from mass production to customised production</b>	Commitment has been identified as a key characteristic for supporting mass customisation, which requires commitment of employees and suppliers in achieving an organisation’s SCO	Pine (1993) Mentzer (2004)
<b>Greater emphasis on organisational flexibility</b>	Keeping products standardised or undifferentiated will improve the firm’s flexibility and response mechanism	Li and Lin (2006)
<b>Increased reliance on purchased materials and outside processing</b>	SCO requires vertical integration, focusing on core competences and outsourcing non-core activities	Mello and Stank (2005)
<b>Supplier reduction, moving towards single sourcing</b>	Successful SCM requires developing long-term partnerships with focus on SCO in every organisation within the supply chain	Mentzer <i>et al.</i> (2001)
<b>Increased amounts of competitive pressure</b>	More studies are required to examine how market orientation and SCO lead to increased demands from the customer	Juttner and Christopher (2010)

**Table 2.4:** Characteristics of Supply Chain Orientation (SCO) mapped against the manufacturing supply chain issues identified (adapted from Lummus and Vokurka, 1999).

Studies examining SCO increased significantly in the new millennium, marking a new revolution in supply chain management research (Lambert, 2000; Maloni and Benton, 2000; Ganeshan *et al.*, 2000). SCO as a term was further used to characterise the stage of development when purchasing and marketing<sup>22</sup> become integrated across the supply chain organisation (van Weele and Rozemeijer, 1996, 1998; Mentzer *et al.*, 2007; Juttner and Christopher, 2013). SCO was proposed as influencing all

<sup>22</sup> The focus for this chapter is on the conceptualisation of SCO. However, the relationship between purchasing, marketing and SCO is examined later in Chapter II.

business functions within the firm and successful implementation of it was predicted to ‘overshadow’ the importance of marketing (Min *et al.*, 2007). Esper *et al.* (2010) published one of the first studies conceptualising SCO. The authors emphasised the importance of achieving fit between the firm’s strategy, structure and orientation in achieving SCO.

Specific cultural and behavioural elements foster relational exchanges which are claimed to support the firm’s SCO (Mentzer *et al.*, 2001; Min and Mentzer, 2004; Mello and Stank, 2005; Laskowska-Rutowska, 2009). SCO philosophy has been acknowledged as a vital antecedent of SCM philosophy (Mentzer *et al.*, 2001; Esper *et al.*, 2010). Similarly to SCM philosophy, all employees need to adopt a specific set of supply chain behaviours which includes trust, commitment, cooperative norms, organisational capability and top management support to facilitate relational exchange (Min and Mentzer, 2004; Min *et al.* 2007). These antecedent behaviours are described in Table 2.5.

ANTECEDENTS	DESCRIPTIONS
<b>TRUST</b>	Has a direct relationship with cooperation in overcoming issues with power and conflict (Dwyer <i>et al.</i> , 1987). Mishra’s (1996) four dimensions of trust included competence, concern, openness and reliability.
<b>COLLABORATION</b>	Esper <i>et al.</i> (2010) argued that companies should utilise technology for improving collaboration across the internal business functions.
<b>COOPERATION</b>	There is an interdependence between effective cooperation and SCO (Mello and Stank, 2005)
<b>COMMITMENT</b>	Commitment–trust theory is associated with relationship marketing (Morgan and Hunt, 1994). Commitment is key to achieving cooperation
<b>INTERDEPENDENCE</b>	The dependence of one organisation on another leads the firm to achieve a relationship orientation (Ganeshan, 1994). This relates to power when there is an imbalance of dependence. Fawcett <i>et al.</i> (2007) simplified the relationship between power and trust: “ <i>if companies abuse power, they lose trust</i> ”.
<b>ORGANISATIONAL CAPABILITY</b>	Refers to the importance of compatibility across corporate cultures (Ellram and Cooper, 1990)
<b>VISION</b>	Goals and strategy need to be agreed across the firm (Lambert <i>et al.</i> , 1998)
<b>KEY PROCESSES</b>	Interrelated with vision, this needs to be agreed across the individual supply chain firm.
<b>LEADERSHIP</b>	Within any supply chain, one firm takes on a leading role; supply chains need a leader as much as individual firms (Bowersox and Closs, 1996; Hojmosse <i>et al.</i> , 2012).
<b>TOP MANAGEMENT SUPPORT</b>	Plays a critical role in shaping the firm’s strategic orientation (Webster, 1992). SCM is achieved when firms share the same strategic orientation (Mentzer <i>et al.</i> , 2001).

**Table 2.5:** Antecedents and consequences of Supply Chain Orientation (Adapted from Mentzer *et al.*, 2001; Min and Mentzer, 2004; Esper *et al.*, 2010).

Significantly, these same behaviours have been argued to “*enhance or impede*” the implementation of SCO (Mentzer *et al.*, 2001, p. 12). At this point in the study, it is worth noting that trust has been acknowledged as being well-established in the business management literature and the concept has been recognised as a fundamental behavioural construct associated with SCM and SCO. Whilst examining and evaluating the extensive range of studies on trust is beyond the boundaries of this literature review,

a few findings relevant to this research are highlighted. In the manufacturing context, trust determines the extent of manufacturers' confidence in the supply base (Omar *et al.*, 2012).

Google Scholar identified 22,900 published studies<sup>23</sup> mentioning the terms “trust” AND “supply chain management” from 2005 onwards, of which 21,000 had been published since 2010 with these key findings:

**Partnerships** - Handfield and Bechtel (2002) found that trust was at the centre of successful partnerships in buyer and supplier relationships, mainly due to sustained reliable performance. Within the relationship, trust has been argued as going beyond the individual; the supplier needs to trust the capabilities within the partner's specific functional area (Sahay, 2003).

**Information Sharing** - Trust has been established as both an essential antecedent and consequence for information sharing. Li and Bin, (2006) identified trust as an important factor within the organisation and across organisations within the supply chain. Chen *et al.* (2011) claimed that trust was only developed when information important for decision-making was shared. Hoejmose *et al.* (2012) found that trust accompanied by senior management support was essential for effective implementation of green supply chain management in B2B partnerships.

In contrast to the extensive findings on SCM studies examining trust, a second Google Scholar search<sup>24</sup> utilising the terms “trust” AND “supply chain orientation” revealed only 404 studies published since 2005, with 256 of these published since 2010. Information sharing and trust have been the most frequently examined concepts in intra-organisational supply chain flows (Juttner and Christopher, 2013). Trust has not yet appeared as an individually examined concept in SCO studies. Trust has frequently been examined grouped with concepts such as commitment, cooperation, top level support and collaboration, although often the relationships and ranking between these concepts have been the focus of research. For example, commitment was argued by Patel *et al.* (2013) as enhancing trust within organisations. Importantly, trust has been established as one of the behavioural constructs for effective SCO (Min *et al.*, 2007; Esper *et al.*, 2010).

Whilst authors such as Omar *et al.* (2012a) have argued that SCO goes beyond the organisational level, the majority of SCO research has re-focused on the individual firm. SCO has often been associated with mind-set change. For a firm to move from a traditional view of SCM to SCO requires ‘episodic change’ and Omar *et al.* (2012a) further proposed three fundamental business functions in need of change:

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<sup>23</sup> Date of the Google Scholar search for trust and supply chain management; 09/11/14

<sup>24</sup> Date of the Google Scholar search for trust and supply chain orientation; 09/11/14

purchasing, production and logistics (Omar *et al.*, 2012a, p.5-6). These were considered to by Omar *et al.* to be the supply chain managers or “*the lynchpins of organisational change*” (ibid.).

In developing new SCO research, Juttner and Christopher (2013) proposed two areas for new research. Firstly, the authors questioned whether marketing plays an intermediary role between an organisation’s SCM and SCO. Secondly, whilst their study confirmed the view by Esper *et al.* (2010) that SCO is a necessary prerequisite for SCM, Juttner and Christopher (2013, p. 110) questioned whether this theory would apply to smaller organisations where “*internal turf between departments might be less pronounced, hierarchies are flatter and customer orientation is not only a source of differentiation but of survival*”.

### **2.6.1 SCO in the Manufacturing Context**

As mentioned previously, the origins of SCM evolved from its application to the manufacturing sector. Manufacturing studies by authors such as Lambert *et al.* (1998), Maloni and Benton (2000), Min and Mentzer (2004), Benton and Maloni (2005) and Li *et al.* (2006b) started to emphasise the importance of SCO for manufacturing organisations.

Employing Google Scholar, the literature search identified very few manufacturing studies and only nine studies which specifically examined SCO in the UK manufacturing context<sup>25</sup>. Subsequently, three studies were selected for literature evaluation. The first study by Lummus and Vokurka, (1999) examined typical supply chain issues affecting the manufacturing context. Table 2.6 maps these issues, further relating them to the characteristic traits of SCO.

A second significant UK manufacturing study by Macpherson and Wilson (2003) examined organisational learning in small and medium enterprises (SMEs) in the manufacturing context. The study found that small manufacturers were expected to adopt similar behaviours to those identified for SCO for approval by suppliers. Macpherson and Wilson (2003) confirmed that there was a positive relationship between the abilities of 39 small manufacturing firms in grasping SCO for improving supply chain relationships. However, two constraints were highlighted: firstly, there should be willingness amongst employees and managers to engage the external supply chain, further recognising the benefits which SCO could bring the firm. Secondly, employees required senior management support during the transition in adopting these behaviours. One of the limitations of the study identified by Macpherson and Wilson was the lack of downstream customer focus in understanding the importance of SCO; the emphasis in this study was on upstream manufacturing supply chains.

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<sup>25</sup> Search conducted 28/07/13

<b>Manufacturing Challenge (adapted from Lummus and Vorkurka, 1999) and the Connection to SCO</b>	
<b>Emphasis on material and information flow</b>	SCO is a prerequisite for firms to achieve supply chain management (Mentzer <i>et al.</i> , 2001)
<b>Greater sharing of information</b>	SCO requires a shift from functional to process thinking (Abrahamson and Arlbjorn, 2008)
<b>Horizontal business processes replacing vertical departmental functions</b>	A central tenet of SCO structure and coordination of the primary activities, a concept known as cross-functional management (Esper <i>et al.</i> , 2010)
<b>Shift from mass production to customised production</b>	Pine (1993) argued that mass customisation can only be achieved with the commitment of employees and suppliers; this is represented by a firm's SCO (Mentzer, 2004)
<b>Greater emphasis on organisational flexibility</b>	Keeping products standardised or undifferentiated will improve the firm's flexibility and response mechanism (Li <i>et al.</i> , 2006)
<b>Increased reliance on purchased materials and outside processing</b>	SCO requires vertical integration, focusing on core competences and outsourcing noncore activities (Mello, 2005)
<b>Supplier reduction, moving towards single sourcing</b>	Successful SCM requires long-term partnerships with long term orientations (Mentzer <i>et al.</i> , 2001)
<b>Increased amounts of competitive pressure</b>	More studies are required to examine market orientation and SCO driven by increased demands from the customer (Juttner <i>et al.</i> , 2010).

**Table 2.6:** Characteristics of Supply Chain Orientation (SCO) mapped against the manufacturing supply chain issues identified (adapted from Lummus and Vokurka, 1999)

A third SCO study by Tai *et al.* (2010) examined e-procurement systems based on the strategic and behavioural dimensions of SCO. The authors developed a Web-based e-procurement model for supporting strategic decision-making, partnership sourcing, collaboration and operational efficiency. Tai *et al.* invited new studies for examining how collaborative behaviour in procurement may affect a value-trusted network.

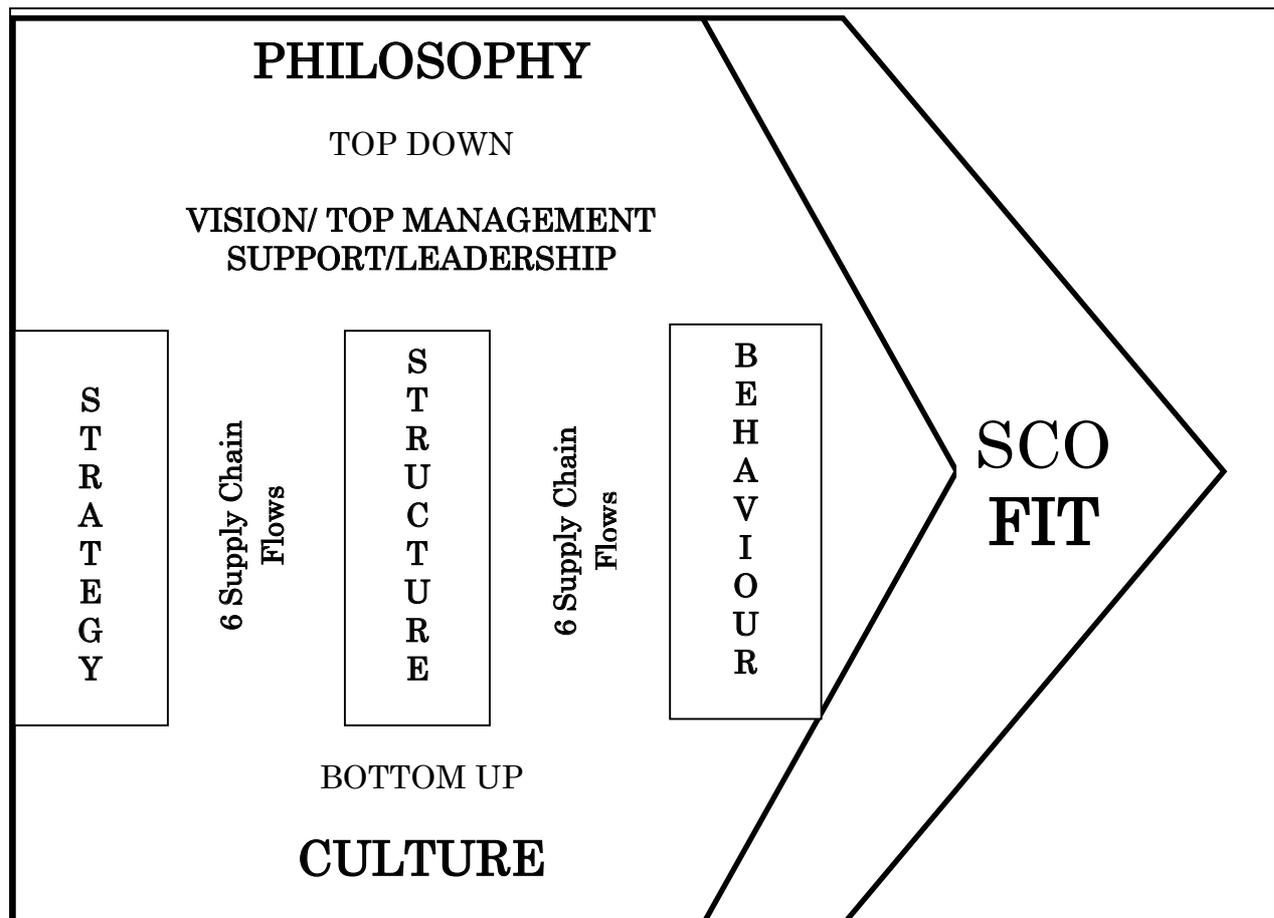
### **2.6.2 SCO as a Business Model Solution for Manufacturers**

All of the studies mentioned so far in the literature review have pointed towards three distinct characteristics of SCO which has been described as a 'conceptual umbrella' supported by three pillars: strategy, structure, behaviour (Esper *et al.*, 2010, p. 171).

SCO has been argued to be a business model which requires a focus on adopting the right strategy for the business environment (e.g. strategic fit), structure (e.g. top management support) and behavioural aspects (e.g. trust and commitment) (Esper *et al.*, 2010). When implementing SCO, the strategic coordination of business functions has been widely acknowledged by supply chain authors (Mentzer *et al.*, 2001; Cooper, 1993; Cooper and Lambert, 1997; Kotzab *et al.*, 2011). The strategic coordination of business functions needs to be supported by behavioural components such as trust, commitment,

cooperation and coordination as critical prerequisites for achieving SCO (Min and Mentzer, 2007; Esper *et al.*, 2010).

Reflecting on these studies, we can establish that SCO represents a new and important business model solution for manufacturing firms. Prior to the constructs being summarised, Figure 2.5 has been developed from Porter's (1985) value chain. This exemplifies a cohesive business model approach (Peck, 2006). Each of the central constructs exhibited in Figure 2.5 is now presented and summarised:



**Figure 2.5:** Business model solution for manufacturing organisations adopting SCO (adapted from Porter, 1985; Mentzer *et al.*, 2001; Esper *et al.*, 2010).

- **STRATEGY** - “The recognition by a company of the systemic, strategic implications of the activities and processes involved in managing the various flows in a supply chain” (Mentzer *et al.*, 2001, p.14). The nature of SCO involves making a strategic choice for competing on the basis of the firm’s supply chain capabilities (Stank *et al.*, 2005).
- **STRUCTURE** - A shared value and belief system with the appropriate behavioural norms needed inside the firm to strategically manage the firm’s supply chain (Deshpande and Webster, 1989).

Guided by leadership, SCO forms the cultural elements which support the firm's structure, policy and procedures (McAfee *et al.*, 2002; Mello and Stank, 2005).

- **BEHAVIOUR** – Emphasises internal behaviours such as trust, coordination, commitment, cooperation and top management support in support of the corporate culture and structure (Min *et al.*, 2007; Esper *et al.*, 2010). Significantly, the concept of coordination has long been associated with configuration theory for describing specific arrangements which support the strategy (Meyer *et al.*, 1993; Flynn *et al.*, 2010). Once corporate culture is established within the firm, this set of values in support of relational exchange can be extended across the supply chain.
- **FIT** - A concept described in the literature as the alignment of strategy and structure, or strategy with the business environment (Amason, 2011). Esper *et al.* (2010) established that employees needed to adopt a specific culture and set of supply chain behaviours but there needed to be a **fit** to achieve SCO (Esper *et al.*, 2010). The supply chain literature has added a third dimension of fit: studies have emphasised the importance of fit between the firm's supply chain, the strategy, the structure and the business environment. To achieve fit managers must focus on strategic thinking, systems thinking, processes and coordination of functional activities (Esper *et al.*, 2010).

### 2.6.3 Summary of SCM and SCO

This chapter has so far evaluated the history of management thinking and the emergence of SCM and SCO as new business model concepts. SCO has been acknowledged by authors such as Mentzer *et al.* (2001); Mello and Stank (2005); Esper *et al.* (2010) and Juttner and Christopher (2013) as a management philosophy for supporting SCM which has transformed business thinking. SCO and SCM create the foundation for a more sustainable source of competitive advantage (Cooper and Lambert, 1997; Spekeman *et al.*, 1998; Mentzer, *et al.*, 2001; Tan, 2001; Christopher and Holweg, 2011).

The database searches and closer examination of the supply chain studies has revealed a shift in focus, moving from the holistic view of the end-to-end supply chains which required coordinated flows, integration, synchronisation and convergence of operational and strategic capabilities (Min and Mentzer, 2004). Instead, there is growing interest in understanding the supply chain flows within an individual organisation (Mollenkopf *et al.*, 2007). Management of these internal flows has been conceptualised as SCO (Esper *et al.*, 2010). Laskowska-Rutowska (2009) stressed that implementing SCO often required a cultural shift within the firm, although few studies have probed into the behavioural aspects of SCO in the individual organisation. These behavioural traits include trust, shared values, collaboration and coordination of business functions (Esper *et al.*, 2010).

Following a review of three theories: systems theory, RBV and RDT, RBV and RDT have been proposed as suitable for examining supply chain behaviours. A Google Scholar search<sup>26</sup> identified only 17 studies published between 1990 and 2013 mentioning SCO and RDT. However, none of the studies specifically examine and apply both, leaving scope for this study.

The growth in the number of SCM and SCO studies suggests that these are accepted business philosophies, yet two key challenges remain (Esper *et al.*, 2010).

Firstly, improved central coordination of supply chain business functions, such as purchasing, marketing, operations, distribution and finance is required (Mollenkopf *et al.*, 2007). Despite the large extent to which cross-functional coordination has been examined it remains a key challenge for manufacturing organisations, especially between marketing and production (Crittenden *et al.*, 1993; Crittenden & Crittenden, 1995; Mollenkopf *et al.*, 2007; Piercy, 2010b). Collaboration and integration across business functions have been argued as important features of SCM and SCO (Lambert and Cooper, 2000; Sweeney, 2011; Esper *et al.*, 2010) and in particular, purchasing and the management of supplier relationships remains a critical area for the management of supply chains (Rajagopal and Bernard, 1994; Carr and Smeltzer, 1999; Guinipero *et al.*, 2006). The search for SCO studies applied to the manufacturing sector and more specifically to the UK manufacturing context revealed very few papers, suggesting that there is scope for more research applied to the manufacturing sector.

Secondly, the literature review has highlighted that businesses struggle to achieve fit between strategy, structure and the business environment. Whilst philosophy and culture have been defined in the review, it remains difficult to distinguish between an organisation's business model and its strategic orientation. There are few, if any, supply chain studies which have clearly defined or delineated strategic orientation. Whilst the studies indicated that SCO relates to strategy, structure and fit with specific behaviours, there has been no clear explanation, even outside the supply chain and operations literature for understanding the concept of strategic orientation.

## **2.7 Strategic Orientation**

The concept of strategic orientation has been identified as a key term within this research in gaining a deepened understanding of SCO. It is helpful to first explore the different ways in which 'orientation' has been applied within the business context. This has required taking a multi-disciplinary approach to searching the literature. The time periods are captured as eras in management thinking in Table 2.1. These eras have been further linked to strategic orientations for organisations. For example, during the

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<sup>26</sup> Google Scholar search conducted 04/11/14

production era, organisations adopted a production orientation (Keith, 1959), and during the marketing era, organisations were influenced by a market orientation (Kohli and Jaworski, 1990).

A firm's strategic orientation has been debated by authors dating back to the early 1900s, though as a concept strategic orientation was more of an implied term. For example, Shaw (1915, p. 41) highlighted the orientation-related problem with the production era, which was characterised by mass production "*We have to find markets for the products we manufacture*". Canning (1975) published one of the earliest studies examining strategic orientation, arguing that the success of all product development relied on the firm's strategic orientation. Other than the Canning study, the strategic impact of business orientation was not emphasised in the academic literature until the 1980s (Shapiro, 1988; Venkatraman, 1989). Shapiro's study built on the research by Shaw (1915) and Keith (1959) in emphasising the marketing and manufacturing conflicts. In contrast, Venkatraman's study was the first examining the construct, dimensionality and measurement of an organisation's strategic orientation. The author proposed six typologies to explain the dimensions of strategic orientation within an organisation (aggressiveness, futurity, proactiveness, riskiness, analysis and defensiveness<sup>27</sup>). Pearson (1993) questioned the strategic importance of the business orientation decision, asking if it was cliché or substance, further recommending that organisations should follow more than one strategic orientation.

By the late 1990s authors had started to question the number and type of strategic orientations an organisation should follow at any one time. Gronroos (1996) endorsed the view that an organisation should adopt more than one strategic orientation, but emphasised the importance of deciding on the appropriate configuration of strategic orientation approaches for business success. An initial literature search using Google Scholar revealed an extensive range of studies examining the strategic orientation concept between the 1980s and 1990s. A contrasting range of business orientation and strategic orientation approaches were found in the literature search and these approaches have developed and multiplied since this time.

Therefore, in gaining a broad, yet in-depth appreciation of the ways in which strategic orientation has been applied by authors, a systematic literature search was conducted using electronic databases and search terms such as 'orientation', 'business orientation', 'strategic orientation' and 'market orientation'.

Due to issues with electronic access<sup>28</sup> the database EBSCOHost was selected for the wide search and article dates were narrowed to between 1990 and 2010 (inclusive). Seventy-two journals were selected

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<sup>28</sup> Google Scholar has limitations for large-scale searching and only permits information for the first 1,000 articles by default. The university database access for ABI Inform starts at 1990.

for the search. Due to issues with electronic access, the findings from fifty-eight journals were evaluated. Table 2.7 lists the business fields selected from ABS<sup>29</sup> ranked academic journals.

Studies outside the ABS list of journals were utilised within the literature review but the ABS list made a useful platform from which to start the exploration. It also provided a snapshot of the extensive ways in which strategic orientation had been applied.

In total, the search identified almost 11,000 published documents between 1990 and 2010 mentioning ‘orientation’, ‘business orientation’, ‘strategic orientation’ or ‘market orientation’. The majority of studies were found in the Marketing, General Management and Entrepreneurship Management journals. The search findings highlighted Innovation, International Business, Organisations and Logistics as pertinent growing research areas for studies examining strategic orientation.

<b>ABS BUSINESS FIELDS</b>	<b>Orientation (O)</b>	<b>Business Orientation (BO)</b>	<b>Market Orientation (MO)</b>	<b>Strategic Orientation (SO)</b>	<b>Total</b>
<b>MARKETING</b>	2852	30	904	219	<b>4005</b>
<b>GENERAL MANAGEMENT</b>	2482	19	176	200	<b>2877</b>
<b>ENTREPRENEURSHIP &amp; BUSINESS MANAGEMENT</b>	877	19	94	145	<b>1135</b>
<b>LOGISTICS &amp; OPS MANAGEMENT</b>	612	6	71	60	<b>749</b>
<b>INTERNATIONAL BUSINESS &amp; AREA STUDIES</b>	593	4	58	28	<b>683</b>
<b>ORGANISATIONS</b>	448	2	19	32	<b>501</b>
<b>INNOVATION</b>	307	1	121	41	<b>470</b>
<b>BUSINESS HISTORY</b>	229	3	7	2	<b>241</b>
<b>STRATEGIC MANAGEMENT</b>	111	0	54	19	<b>184</b>
<b>TOTALS</b>	<b>8511</b>	<b>84</b>	<b>1504</b>	<b>746</b>	<b>10,845</b>

**Table 2.7:** Dissemination of studies examining “orientation”; “business orientation”; “market orientation and “strategic orientation”, by research discipline, 1990-2010.

The extensive trail of studies examining strategic orientation revealed many definitions for the concept. However, the database search results also highlighted the interchangeable way in which the concept of strategic orientation had been applied in research.

Dawes (1998, p.573) referred to contrasting business orientations as “*other business approaches*”. Dolan and Garcia (2000, p.104) stated that an organisation could be “*orientated towards...*” a specific

<sup>29</sup> ABS (Association of Business Schools) bi-annually produces an International Guide to Academic Journal Quality. Journals are ordered by business research discipline and ranked by stars; 3\* and 4\* journals are considered the highest quality journals globally. The journals are taken from the ABS list (2010, version 4).

functional direction such as marketing. In understanding the “*segmentation or orientation of the business*”, El-Ansary (2006, p.280) extended the definition of the business orientation concept further by referring to the “*firm orientation*” as “*a multi-dimensional variable that reflects the firm’s strategic, market, exchange, functional, knowledge, structural and managerial orientations*”. The El-Ansary study inferred that firms needed to identify a suitable strategic orientation configuration for *fit* with the corporate strategy. From a new researcher’s perspective there was some initial confusion with the way in which authors have applied and used the terms business orientation and strategic orientation interchangeably. Examining the earliest published studies (Bennett and Cooper, 1979) confirmed that selecting the appropriate strategic orientation would have a profound impact on business success which suggested that it was strategically critical. Pearson (1993) claimed that a strategic emphasis on accounting would lead to a cost orientation, while a strategic emphasis on production would lead to a technology orientation. In slight contrast, other authors suggested that the naming of each strategic orientation, such as market orientation or sales orientation linked to the dominant business function, process or objective within the organisation (Porter, 1985; Gronroos, 1995). For example, emphasis on marketing in the organisation would lead to a market orientation. Hurley and Hult (1998) argued that business orientation influenced an organisation in many ways and at differing strategic levels. The authors acknowledged its impact on corporate strategy, processes and organisational behaviour.

However, Morgan and Strong’s (2003) manufacturing research helped to bring some clarity in understanding the strategic relevance of an organisation’s orientation. The authors investigated 1,000 medium and large UK manufacturing firms, arguing that it would be erroneous to assume that for example, a business orientation such as market orientation was strategic to the firm. The authors stressed that a strategic orientation should provide the strategic direction for the firm and become the main source for achieving competitive advantage. Table 2.8 offers four contrasting definitions of strategic orientation which have emerged over time. These definitions have confirmed that there is a strong connection between business orientation and strategy but there appear to be two levels: strategic and tactical.

AUTHOR	DEFINITION
Polonsky and Mintu-Wimsatt (1995, p.25)	Described business orientation as “... <i>the underlying philosophy that influences all strategic and tactical decisions</i> ”.
Gatignon and Xuereb (1997, p.78)	“ <i>reflects the strategic directions implemented by a firm to create the proper behaviour for the continuous superior performance of the business</i> ”
Liu <i>et al.</i> (2004)	Both argued that a firm’s business orientation influences and flavours all decisions made at both strategic and tactical levels.
El-Ansary (2006, p.280)	Defined business orientation as “... <i>the link that connects all strategies</i> ”.

**Table 2.8:** Contrasting definitions of strategic orientation

Terms associated with strategic orientation include philosophy, culture and behaviour. The definitions also indicate that the critical issue with strategic orientation development in the literature has possibly been more to do with the terminology used by authors, than the level of impact affecting the success of the firm. It is worth noting from these definitions that all four definitions exhibited in Table 2.8 refer to a business orientation, yet, all four definitions are linked to the concept of strategy. We can interpret from this that the term business orientation is actually inferring strategic orientation. In the manufacturing context, effective management of strategic orientation has been proposed as a prerequisite for improving performance and maintaining competitive advantage (Salvou *et al.*, 2004; O'Regan and Ghobadian, 2006; Laforet *et al.*, 2009).

Using EBSCOHost as a search tool, Appendix 5 lists the manufacturing studies which have examined the strategic orientation concept. These studies were published between 1987 and 2011 and highlight the contrasting methodologies utilised by authors. The size of the manufacturing firm was considered to be critical when managing the firm's strategic orientation (O'Regan *et al.*, 2006). The authors stressed that SMEs were not simply smaller versions of large manufacturing organisations. An SME manufacturer's needs and decision making process differed greatly from those of a large manufacturer. The authors further argued that strategic orientation was an external driver for the manufacturing organisation (*ibid.*). Closer examination of strategic orientation studies revealed six key areas for closer examination:

- The evolution of strategic orientations
- Classifications in strategic orientation
- Function-based strategic orientations
- The role of strategic orientation
- Defining strategic orientation
- The supply chain orientation configuration

Each of these areas is now examined.

### **2.7.1 Evolution of Strategic Orientations**

Attempts at explaining the evolution of strategic orientation development have been charted by several authors (Keith, 1960; Ericsson, 1981; Christopher, 1992; Mentzer *et al.*, 2001; Waters, 2007). The literature search revealed four approaches used to explain the evolution of strategic orientations:

- In chronological order;
- By eras to depict management thinking;
- In line with business growth and business life cycle;
- As a branching evolution.

**Chronological Order** – as strategic orientations have evolved in the literature, they have represented important milestone developments in management philosophy and business thinking. The literature search revealed 36 different strategic orientations which have emerged in the literature since 1900. Figure 2.6 charts the emergence of 36<sup>30</sup> identified strategic orientations which are listed in chronological order.



**Figure 2.6:** A Chronology of the Development for 36 Strategic Orientations

<sup>30</sup> The list of strategic orientation approaches identified is not conclusive. There are likely to be other approaches not included in the chart.

Various categories of strategic orientation were identified within the literature search and three key observations were noted: The first finding from the literature search was that strategic orientations could be arranged into a pattern of chronological order. This suggested that as new trends in strategic orientations emerged, past strategic orientations become obsolete. For example, we can see from Figure 2.6 that the early period (1900-1930) showed a divergent approach in managing strategic orientation, suggesting there was a move away from production orientation towards sales orientation. If a manufacturing organisation adopted a customer orientation (Drucker, 1959) and later adopted a relationship orientation (Callaghan and Shaw, 2001), Figure 2.6 suggests that the customer orientation would become obsolete.

The chart in Figure 2.6 highlights three important points about the validity and rigour of adopting this approach for explaining the evolution of strategic orientation approaches:

The different strategic orientation approaches appeared to fall into management trends or fashions (Kieser, 1997). The chronological classification of strategic orientation charted in Figure 2.6 implies that a single strategic orientation approach is relevant at any one point in time. This prompts a debate in understanding how a single approach can be strategic and fundamental for business success.

It is also unclear from this list of strategic orientations which approaches are considered by authors to most clearly provide the firm with a source of sustainable competitive advantage.

**Management Thinking and Political Milestones** - Political milestones and different ways of management thinking have already been captured in Table 2.1. The strategic orientations can be similarly mapped against business management thinking and political milestones. Thus Table 2.9 is adapted from Table 2.1 by further applying mappings of strategic orientation developments as noted in the literature.

Table 2.9 shows that, for example, production orientation, or the “*production era*” (Fullerton, 1988, p.108) was emphasised during the Taylorism era (Olsen *et al.*, 2009): Frederick Taylor’s scientific management encouraged an internal focus on developing production efficiencies which coincided with the traditional view of production orientation characterised by its internal focus (Miles and Munilla, 1993). Table 2.8 indicates that the materials flow orientation was introduced to the literature during the 1960s when the Toyota Production System (later termed lean philosophy by Womack *et al.*, 1990) was recognised as a source of competitive advantage.

We can also see that author interest in SCO grew in line with advancements in globalisation and sustainability (Mentzer *et al.*, 2001; Esper *et al.*, 2010). Managers of organisations appeared to re-focus on managing operation of the internal supply chain, but on managing risk in the external supply chain (Mentzer *et al.*, 2001; Juttner, 2005; Storey *et al.*, 2006; Li *et al.*, 2006; Min *et al.*, 2007). As mentioned

previously, charting the evolution of strategic orientations in chronological order raised some doubts about its reliability and validity. The challenge in determining the precise timing of these strategic orientations became increasingly evident in Table 2.9. For example, lean orientation did not appear as fully conceptualised in the literature until 2011 (Yang *et al.*, 2011), yet lean production was founded in the 1950s and 1960s, the Marketing Era.

Period	Historical Events	Business Thinking	Schools of Thought	Mythologies in Management Thinking	Developments in Strategic Orientation
1900 - 1930	World War I Liberalism Economic Depression	Scientific Management (Taylorism) Fordism Mass Production	<b>Classical Management Era (1880-1930)</b> Fayol, (1841-1925) Taylor (1856- 1915) ..... <b>Neo-classical Management Era (1930-1950)</b> <i>Environment, technology &amp; structure</i> Pugh & Hickson (1968) Lawrence & Lorsche (1967) ..... <b>Modern Management (1950 onwards)</b> ..... Porter (1980) <i>Competitive Advantage</i> Mintzberg (1983);Peters (1984) <i>Configuration theory</i>	<b>Production Era</b> (Pre1900-1930)  <b>Sales Era</b> (1920-1960)	Production Orientation; Sales Orientation
1940 - 1950	Trade Union Movement World War II Political and Social Crisis	Toyota Production System (TPS) /Just- in-time (JIT) Product Differentiation		<b>Customer Era</b> (1950 – Present)  <b>Marketing Era</b> (1950- Present)	Innovation Orientation; Market orientation; Employee Orientation; Materials Flow Orientation
1970 - 1980	Individualism (removal of trade unionism)	Mass- Customisation Entrepreneurism Systems thinking Lean thinking Supply Chain Management Modularisation		<b>Relationship Era</b> (1990s-Present)	Accounting and Cost Orientation; Business process Orientation; Technology Orientation; Competitor Orientation; Customer Orientation; Purchasing Orientation; Societal marketing Orientation; Eco-marketing; Quality Orientation; Entrepreneurial Orientation; Relationship Orientation
1990  2000	Free markets Trading Blocks Global Warming	Globalisation Agile Sustainable supply chains			<b>New Era</b> (2000 – Current - Future)
2011					

**Table 2.9** Mapping strategic orientations against political milestones and changes in business thinking (adapted from Table 2.1 and Griffith, 1963; Womack *et al.*, 1990; Womack and Jones, 1996).

An alternative approach identified for understanding the evolution of strategic orientation was the lifecycle stage of a business:

**Business Growth Cycles** - Liu *et al.* (2004) propose that business orientations linked with strategy to become strategic orientations dependent on the stage of business growth. The example they used was market orientation becoming strategic to the business. This theory of business growth and evolution was founded on a single automotive manufacturer which limits the value of what could be considered a profound conceptual development. The authors proposed that organisations should use either a “*one-way evolutionary*” or “*a catastrophic*” view of strategic orientation (ibid, p. 333). This single study implied that strategic orientation changes with the natural stages of business growth following a generic, cyclical pattern dependent on influences from the business environment.

**A Branching Evolution** – Studies examining market orientation have dominated much of the marketing management literature. In 2005, studies started to emerge linking marketing with SCM and SCO. Most of these studies were founded on research by Kohli and Jaworski (1990) and Narver and Slater (1990). The original definitions of market orientation are presented in Table 2.10 highlighting the key constructs which have been argued as supporting market orientation.

These studies, whilst over twenty years old, represented important developments for strategic orientation. These constructs have since influenced the foundations of SCO. Close examination of the constructs of market orientation proposed by Narver and Slater (1990) revealed two behavioural components: competitor orientation (ibid.) and customer orientation (Drucker, 1959; Bullinger and Fuhrberg-Bauman, 1995). These have been argued as strategic orientations within their own right. A third behavioural component of market orientation, inter-functional coordination (Narver and Slater, 1990) (Table 2.10) has since been associated with SCO. Mollenkopf *et al.* (2007) and Esper *et al.* (2010) noted that inter-functional coordination was a core element of successful SCO and SCM.

Definition of Market Orientation Kohli and Jaworski (1990)	Definition of Market Orientation Narver and Slater (1990)
<p><b>Three pillars:</b></p> <ul style="list-style-type: none"> <li>• Customer focus (<i>market intelligence is based on future needs</i>)</li> <li>• Coordinated marketing (<i>all functions need to be in tune with the customer</i>)</li> <li>• Profitability (<i>is a consequence of market orientation</i>)</li> </ul>	<p><b>Three behavioural components:</b></p> <ul style="list-style-type: none"> <li>• Customer orientation</li> <li>• Competitor orientation</li> <li>• Inter-functional coordination</li> </ul> <p><b>Decision Criteria</b></p> <ul style="list-style-type: none"> <li>• Long term focus / Profit objective</li> </ul>

**Table 2.10:** Classifications for market orientation.

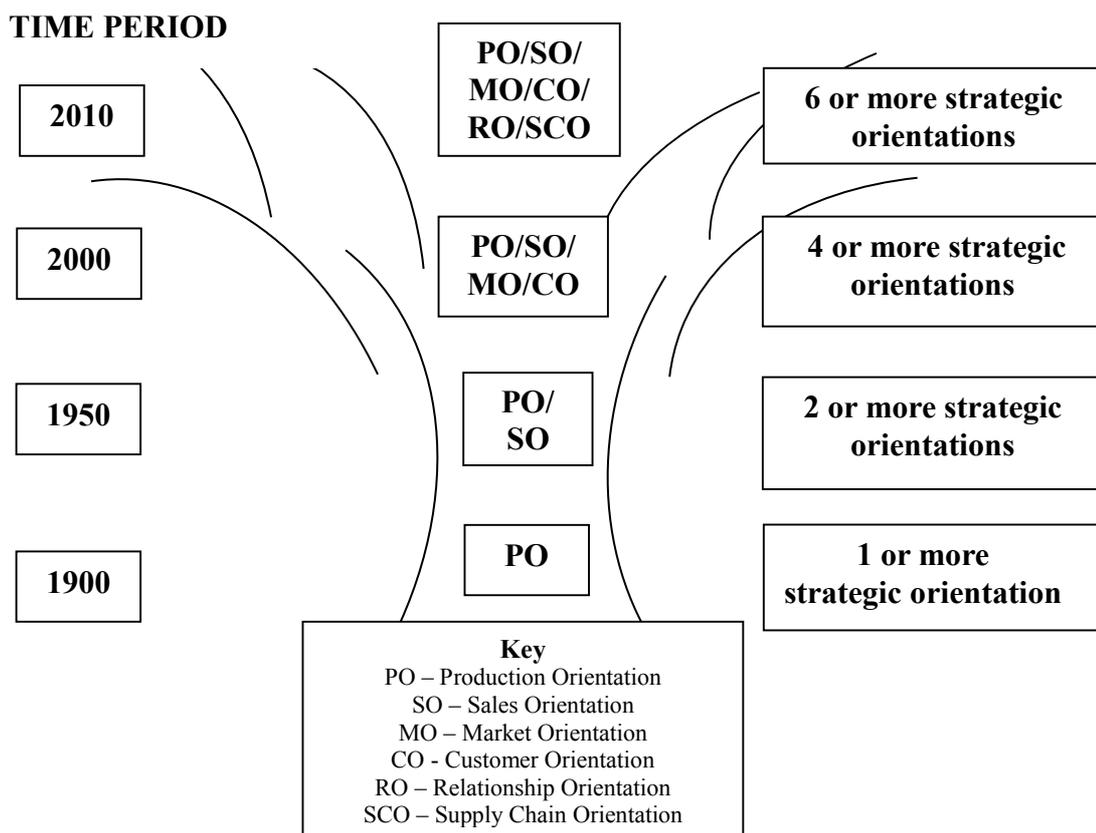
Therefore, in evaluating multifaceted concepts such as market orientation, there is a need to first understand an alternative approach for explaining the evolution of strategic orientation development.

Figure 2.7 proposes that, instead of strategic orientations evolving in chronological order, they have evolved continuously over time, overlapping and evolving like shoots or new growth in a plant.

This figure suggests that the earliest known strategic orientation approaches, such as production orientation, sales orientation and customer orientation have continued to underpin newer and developing business approaches such as relationship orientation. Analysis of the search findings presented in the review confirms two important features of strategic orientation development:

Firstly, strategic orientation requires a multi-dimensional construct approach if it is to have a profound impact on the business (Day and Wensley, 1983; Tushman, 1985; Pearson, 1993; Gatignon and Xuereb, 1997; Voss and Voss, 2000; Noble *et al.*, 2002).

Secondly, strategic orientation, strategy and the business environment have been seen as interdependent; if you change one of these variables (e.g. the business environment), the others must change (e.g. the strategic orientation and strategy) (Morgan and Strong, 1998; Cerrato, 2009).



**Figure 2.7:** Branching evolution of strategic orientations as multi-dimensional construct (developed from Narver and Slater, 1990; Kohli and Jaworski, 1990)

### 2.7.2 Sub-Classifications within Strategic Orientation

Despite the study being published over twenty years ago, the study by Pearson (1993) is one of few to distinguish between function-based orientations and objective-based orientations. From the literature it emerges that strategic orientations may be classified into three groups: function-based, process-based and objective-based orientations.

**Objective-based Strategic Orientation** - the firm's mission, vision and values (objectives) were recognised early on as representing great importance for managers (Drucker, 1973). Historically, one of the major objectives which caught authors' attention was innovation. Much of the management and supply literature has emphasised innovation as system-based thinking (Simpson *et al.*, 2006; Phillips *et al.*, 2011). However, successful innovation has been recognised as challenging and “*everything to do with the organisation and attitude*” (Hargadon and Sutton, 2000, p. 157) with “*an innovation-orientated knowledge structure*” as a set of values and beliefs (Simpson *et al.*, 2006, p.1133). These studies inferred that the individual attitudes, behaviours and capabilities of employees plus corporate culture may be important antecedent features of innovation orientation.

As the business environment became increasingly competitive through globalisation (Rajagopal and Bernard, 1994), authors emphasised innovation orientation as a means for managing the supply chain. For example, Peterson *et al.* (2005) stated that managers needed to consider the level of innovation feasible for their business; organisations should embrace supplier driven innovation rather than market driven innovation. Contrasting views like this indicated that there may be tensions between business functions when managers were forced to choose a new strategic orientation as a source of competitive advantage.

Understanding the purpose of working towards an innovation orientation and recognising its antecedents have been clear messages in the literature. Adopting an innovation orientation provides the firm with a strategic direction for responding to and fitting with market challenges (Manu, 1992). Siguaw *et al.* (2006) further argued that focussing on three areas, strategic direction, a learning philosophy and functional interaction, led to developing innovation orientation.

In the manufacturing context, successful implementation of an innovation orientation has been argued as resulting in higher levels of business growth and competitive advantage (Laforet, 2008). Dobni (2010) further emphasised that managers should recognise innovation orientation as an important enabler for achieving a sustainable competitive advantage. Since these studies, innovation orientation has been highlighted as essential for modern day manufacturing (Nanakumar *et al.*, 2011).

Globalisation, social change and technological revolution have resulted in organisations operating in what Bessant and Lamming (2012) termed a ‘fluid’ environment. This has required managers of

organisations to plan for different types of innovation: incremental and discontinuous<sup>31</sup> which might require a new business model approach (Lamming and Jia, 2012).

**Process-based Strategic Orientation** – in contrast to objective-based strategic orientations, the origins of business process engineering date back to the 1990s and the literature showed a growing interest in linking business process orientations as new business model approaches around the millennium (Porter, 1985; McCormack and Johnson, 2001).

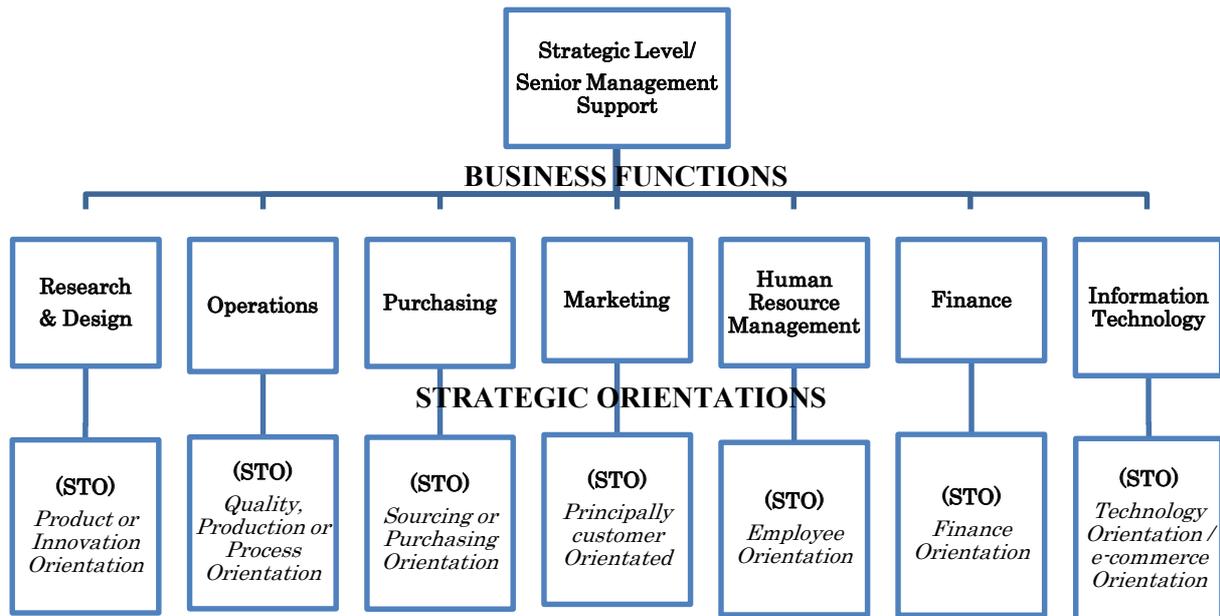
For example, relationship orientation has been widely researched in the marketing and logistics and operations literature, although its foundations have been continuously debated. The problem identified here is the extent of overlap in the literature from different research disciplines. Relationship orientation has been emphasised as a crucial element of market orientation through inter-functional coordination (Narver and Slater, 1990). Panayides (2007) developed the relationship spectrum by introducing the inter-firm relationship orientation. Important antecedents identified for the development of inter-firm relationships included the degree of power one firm has over another and also the degree of trust within the inter-firm relationship. Gadde and Hakansson (2001) emphasised power and dependence as critical concepts in support of inter-firm analysis of relationships. In a Japanese study, Cox (1995) claimed that power was the foundation for all business-to-business (B2B) relationships. The author stressed that abusing such power may lead to a loss of trust.

The literature emphasising the importance of relationships continues to grow in the supply chain research discipline. There is a growing recognition of the importance in understanding the necessary behaviours for SCM and SCO (Esper *et al.*, 2010).

**Function-based Strategic Orientation** - the third classification of strategic orientation proposed is function based orientation. Chandra and Tamanyan (2007, p. 263) argued that “*Process-oriented management vs. function-oriented management is an important feature that makes the SC a distinct enterprise system class*”. Function-based orientations represent the sub-systems of the organisation and indicate how activities are carried out by the organisation in order to meet the business objectives (Paneerselvam, 2005). For example, an organisation which practices strategic purchasing might adopt a purchasing orientation if it is sufficiently elevated with top management support (Rajagopal and Bernard, 1994). Figure 2.8 demonstrates how strategic orientation could be applied to any department or business.

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<sup>31</sup> Incremental means improving current processes or products and discontinuous innovation may require entering a new market or venturing into a new business model (Tidd *et al.*, 2009; Lamming and Jia, 2012)



**Figure 2.8:** Business functions and strategic orientations (STO) (adapted from Lomax and Raman, CIM, 2006)

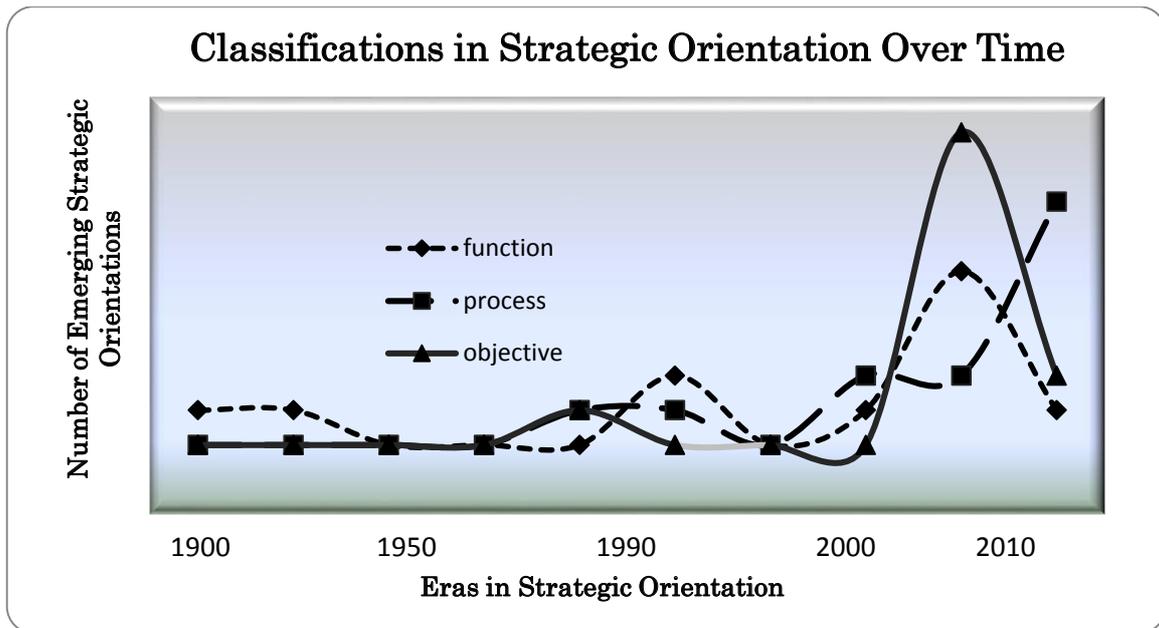
Importantly, these traditional examples of function-based orientations exhibited in Figure 2.9 do not form an exhaustive list but are typical of those found in the manufacturing sector. These findings confirm that the phenomenon of strategic orientation is still emerging. The function-based strategic orientation should be considered as a critical influence for supporting the firm's corporate strategy (Carr *et al.*, 2000), although this requires senior management support.

Now that objective, process and function-based strategic orientation approaches have been explained, building on Figure 2.6, each example of strategic orientation may be associated with a business function, business process or business objective. Table 2.11 creates the basis for deeper analysis by classifying each of the 36 strategic orientations into function-based, process-based or objective-based strategic orientations.

FUNCTION-BASED STRATEGIC ORIENTATIONS	PROCESS-BASED STRATEGIC ORIENTATIONS	OBJECTIVE-BASED STRATEGIC ORIENTATIONS
Production Orientation (Shaw, 1915; Keith, 1959; Kotler, 1977)	Innovation Orientation (Drucker, 1955)	Customer Orientation (Drucker, 1959; Bullinger and Fuhrberg-Baumann, 1995)
Sales Orientation (Borsodi, 1929; Keith, 1959)	Materials Flow Orientation (Ericsson, 1969)	Cost Orientation (Fritz, 1996)
Market Orientation (Keith, 1960; Kotler, 1977)	Business Process Orientation (Porter, 1985)	Competitor Orientation (Narver & Slater, 1990)
Employee Orientation (Bowers and Seashore, 1966)	Technology Orientation (Hamel and Prahalad, 1989)	Cultural Orientation (Hofstede, 1991)
Accounting and Cost Orientation (Hayes and Abernathy, 1980)	Value chain Orientation (Normann and Ramirez, 1993)	Eco Marketing Orientation (Miles and Munilla, 1993)
Purchasing Orientation (Rajagopal and Bernard, 1994)	Supplier Orientation (Brenan and Turnbull, 1999)	Societal Marketing Orientation (Kotler, 1994)
Procurement Orientation (Rajagopal and Bernard, 1994)	Supply Management Orientation (Shin and Collier, 2000)	Quality Orientation (Miles and Russell, 1995)
Product Orientation (Kotler, 1994)	Relationship Orientation (Callaghan & Shaw, 2001)	Entrepreneurial Orientation (Lumpkin and Dess, 1996)
Logistics Orientation (Christopher, 1996)	Electronic Supply Chain Orientation (Nguyen and Harrison, 2004)	Stakeholder Orientation (Berman <i>et al.</i> , 1999)
Operations Orientation (Mabert and Venkataramanan, 1998)	Inter-firm Relationship Orientation (Panayides, 2007)	Learning Orientation (Baker, 1999)
Human Resource Management Orientation (Panayotopoulos, 2004)	Supply Chain Orientation (Mentzer <i>et al.</i> 2001; Esper <i>et al.</i> 2010)	Supply Chain Security Orientation (Autry and Bobbitt, 2008)
	Agile Orientation (d'Oliveira Luna <i>et al.</i> 2010)	Socially Responsible Supply Chain Orientation (Park-Poaps and Rees, 2010)
	Lean Orientation (Yang <i>et al.</i> , 2011)	

**Table 2.11:** 36 Classifications of strategic orientation

Using the classifications from Table 2.11, Figure 2.9 demonstrates that, whilst growth in interest could be seen for all three classifications of strategic orientation, this becomes more pronounced for objective-based strategic orientations between 2000 and 2010. The number of objective-based and function-based orientations falls significantly around 2010, yet process-orientations continue to grow. The growth in the number of different strategic orientation approaches in 2005 has emphasised the need for new process-orientated business models to be created, such as SCO.



**Figure 2.9:** Comparison of 36 strategic orientation classifications over time: function-based, process-based and objective based strategic orientations.

The review has confirmed that strategic orientation development can be classified into objective-based, processed-based or function-based. This theory of classifications in strategic orientation is based on an assumption that all of these individual approaches can contribute strategically to business performance. Subsequently, three function-based strategic orientations which are invariably seen as fundamental to effective manufacturing management include market orientation, purchasing orientation and production orientation. These are discussed below:

### 2.7.3 Market, Purchasing and Production Orientations

It has already been established in the literature review that the marketing, purchasing and production functions play a dominant role in support of effective SCO and SCM (New, 1997 cited in Sweeney, 2011; Omar *et al.*, 2012a). Importantly, the operations function is more frequently termed production in the manufacturing context; this switch of terms was noted by Erickson (2011). However, as already highlighted, the significant impact of purchasing and marketing has been increasingly acknowledged in supply chain related studies. Consequently, this section of the review offers simultaneous comparisons of production orientation and purchasing orientation which are mapped against market orientation in Table 2.12.

CHARACTERISTIC	MARKET ORIENTATION	PURCHASING ORIENTATION	PRODUCTION ORIENTATION
<b>DEFINITION</b>	Always placing the customer at the forefront of any decision making (Gronroos, 1989; Matanda and Mavondo, 2001)	Purchasing orientation is a philosophy to guide managers, who make purchasing-related decisions by delineating their domain and span of influence (Anderson and Narus, 1999)	Production orientation focuses on logistics efficiency, cost reductions and improved quality (Cravens <i>et al.</i> , 1987; Kotler, 1988)
<b>LINK TO STRATEGY</b>	Recognised as strategically important for supply chain management (Fugate <i>et al.</i> , 2008)	Purchasing orientation needs to be fully integrated within the firm and continually reviewed to align with strategy (Pressey <i>et al.</i> , 2007)	Characteristically strategic (Kotler, 1988) developing the right production strategy (Hoekstra and Romme, 1992)
<b>UNDERLYING PRINCIPLE</b>	Three behavioural components of market orientation: customer orientation, competitor orientation and inter-functional coordination (Narver and Slater, 1990)	The objectives of purchasing are “ <i>to acquire the right quality of material, at the right time, in the right quantity, from the right source at the right price</i> ” (Bailey <i>et al.</i> , 2008, p.4)	Production orientated firms define themselves by the products manufactured (Levitt, 1960)
<b>PERFORMANCE</b>	Understanding of the market environment should result in improved performance and profitability for the firm (Fullerton, 1988)	Whilst strategic purchasing improves individual firm performance, it does not provide a full solution to managing inter-functional relationships (Lawson <i>et al.</i> , 2009)	“ <i>The firm’s major focus is internal...the organisation focuses upon the production of standardised high value products...</i> ” (Polonsky and Mintu-Wimsatt, 1995, p.25-26; Peterson, 1989)
<b>PRODUCT RANGE</b>	An increasing level of mass customisation; “ <i>...the very antithesis of Mass Production</i> ” (Pine, 1993; Lampel and Mintzberg, 1996; Mason and Lalwani, 2008, p.72)	A purchasing orientation requires purchasing involvement in new product development (Nijssen <i>et al.</i> , 2002)	Production orientation instinctively rationalised using mass production processes (Levitt, 1960; Kotler, 1988)
<b>QUALITY</b>	Closely tied with external quality management (Gummesson, 1998); identifying customer expectation levels for quality management (Herrmann <i>et al.</i> , 2000)	Strategic purchasing requires closer relationships with key suppliers to drive improved quality (Pressey <i>et al.</i> , 2007)	Consistent with internally driven quality management (Gummesson, 1998)
<b>IMPROVEMENT</b>	“ <i>...the pursuit of achieving ultimate customer satisfaction</i> ” (Rosenberg and Czepiel, 1984; Matanda and Mavondo, 2001, p. 2; Womack and Jones, 2005)	Supplier orientation needs to align with buyer orientation to enable smooth interactions in the supply chain (Hedaa and Ritta, 2005)	Cost reductions increase a firm’s production (Cravens <i>et al.</i> , 1987; Christopher, 1992; Polonsky and Mintu-Wimsatt, 1995, p.25); thus making it economically sustainable (Found <i>et al.</i> , 2006)
<b>CUSTOMER</b>	“ <i>a set of behaviours devoted to acquiring and utilising market information</i> ” (Matanda and Mavondo, 2001, p.2). A MO firm develops external market knowledge and responds to it (Kohli and Jaworski, 1990)	The ability to address customer needs is determined by the strategic level of a firm’s purchasing orientation (Pressey <i>et al.</i> , 2007)	PO firms do not focus on the customers they serve (Kotler, 1988) Products “ <i>...require minimum promotional efforts</i> ” (Polonsky and Mintu-Wimsatt, 1995, p.26; Peterson, 1989)

**Table 2.12:** Characteristics of three strategic orientations: production orientation; purchasing orientation and market orientation

**Market Orientation** – as the review has already indicated, market orientation is a multiple construct consisting of three behavioural components: customer orientation, competitor orientation and inter-

functional coordination (Narver and Slater, 1990). It is frequently linked to strategy (Fugate *et al.* (2008), improving performance (Fullerton, 1988) and representing behaviours within the organisation (Matanda and Mavondo, 2001).

**Production orientation** – Kotler (1988) established that one of the critical questions manufacturers were facing was the issue of determining the most appropriate manufacturing strategy or production orientation. The importance of process optimisation rather than optimising production affected the whole supply chain of an industry. To more fully appreciate dilemmas such as this, supply chain manufacturing strategy can be clearly defined using Hoekstra and Romme's (1992) classification of the decoupling point position in the supply chain. Three strategies for manufacturing supply chains were identified:

- For instances where the customer was not prepared to wait for supply of a product the optimum stocking point was proposed as the retailer. This meant the customer could purchase the item from stock. Hoekstra and Romme termed this the make-to-stock (MTS) strategy;
- On the other hand, where the customer accepted a delay between order and goods received, a make-to-order strategy should be adopted (MTO);
- As long as the production and delivery lead time was less than the customer's lead time threshold, the decoupling or stocking point could be positioned further upstream. Variations in this supply chain strategy have included assemble-to-order (ATO), design-to-order (DTO) or engineer-to-order (ETO) (Lampel and Mintzberg, 1996; Gosling and Naim, 2009).

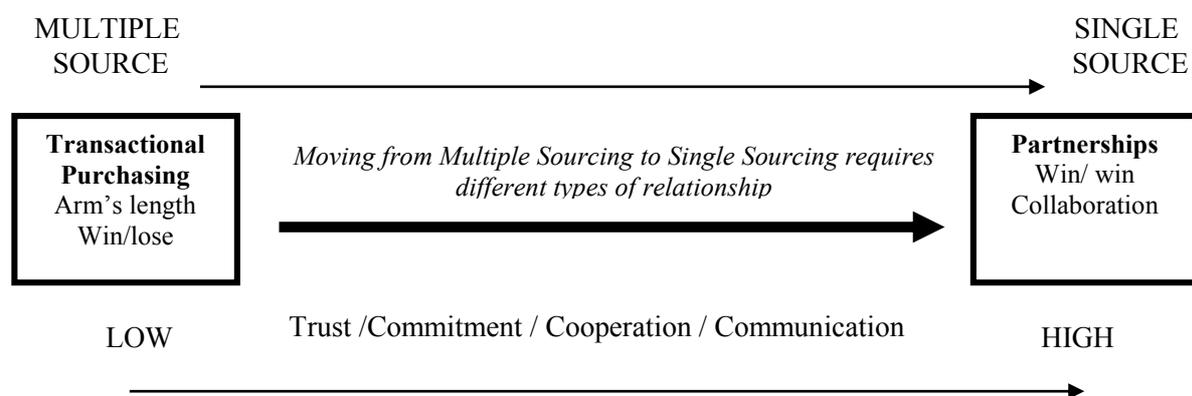
Essentially, the degree of production orientation varied with the pursuit of production efficiencies in providing affordable products and services that would attract consumers (Kotler, 1994). This should be an important factor when developing the most appropriate supply chain strategy.

**Purchasing Orientation** – in explaining strategic purchasing development, early studies by authors such as Kraljic (1983), Ellram and Carr (1994), Cox and Lamming (1997) and van Weele and Rozemeijer (1996) noted that senior managers should transform the purchasing function from a 'Cinderella' function which previously added little value to the organisation into a professional management discipline contributing significantly to the firm's value chain and competitive advantage.

One of the first studies to examine the connection between strategic purchasing and SCM in the manufacturing sector was authored by van Weele and Rozemeijer (1996). One of the main problems identified in the literature has been the overlapping of terms referring to purchasing as sourcing, procurement, or supply management, to name but a few. These terms have often been used interchangeably yet have quite different definitions. Lysons and Gillingham (2003, p.5) defined

procurement as “*a wider term than purchasing*”. As purchasing became recognised for both direct and indirect goods and services in manufacturing, authors accepted that the purchasing or procurement function also played a strategic role within the manufacturing firm (Carr, 2002). Despite the general shift with purchasing becoming a valuable strategic orientation, manufacturing organisations may learn from other sectors such as public services and view the purchasing orientation as more or less strategic. For example, “*A firm’s purchasing function may operate non-strategically, strategically or somewhere in between*” (Walker, 2010, p.20).

It seems that when a new strategic emphasis has been adopted by the purchasing function, it has been conceptualised as procurement re-orientation (Rajagopal and Bernard, 1994; Gadde and Hakansson, 2001). Purchasing orientation has more frequently been termed procurement orientation (Rajagopal and Bernard, 1994; Spekeman, 1995; Mentzer *et al.*, 2001) or even strategic sourcing orientation (Arnold, 1989). Strategic sourcing involves the purchasing of both direct and indirect spend items, driving the rationalising and optimisation of the supply base. This requires a re-think on sourcing: the supplier rationalising results in optimising the existing supply base, resulting in a move from transactional relationships towards partnerships (Baily *et al.*, 2008). This paradigm shift is exemplified in Figure 2.10.



**Figure 2.10:** The shift from transactional to strategic partnerships (developed from Ellram and Carr, 1994; Baily *et al.*, 2008)

Although the transactional purchasing relationship or arm’s length approach which is featured in Figure 2.11 is still relevant for many low spend purchases where there are multiple suppliers available, the strategic benefits of partnership sourcing have become more widely accepted when spend is high and the supply market is limited (Baily *et al.*, 2008). Managing partnerships has been examined extensively and authors have agreed that effective strategic partnering should benefit both the purchaser and the supplier (Ellram and Carr, 1994; Lysons and Farrington, 2006).

Four development models help to explain the strategic transformation in the purchasing function, as presented in Table 2.13.

Author	Purchasing Development Model
Reck and Long (1988)	<ul style="list-style-type: none"> <li>• Passive/ Independent/ Supportive/ Integrated</li> </ul>
Van Weele and Rozemeijer (1996)	<ul style="list-style-type: none"> <li>• Price to Cost focus (Transaction orientation, Commercial orientation, Procurement Coordination)</li> <li>• Total Cost of Ownership (TCO) to Value focus (Process orientation, Supply chain orientation, Value chain orientation)</li> </ul>
Stannack and Jones (1996)	<ul style="list-style-type: none"> <li>• Product-centred purchasing/ process-centred purchasing/ relational purchasing/ performance-centred purchasing</li> </ul>
Jones (1999)	<ul style="list-style-type: none"> <li>• Infant/ Awakening/ Mature/ Advanced stages of purchasing</li> </ul>

**Table 2.13:** Summary of purchasing development models (Author)

The strategic characteristics for four popular purchasing development frameworks are summarised in Table 2.13 (e.g. value chain orientation, integrated, performance-centred, and advanced). Across all these frameworks, strategic purchasing has been characterised as reliant on the coordination of purchasing with other business functions. As purchasing has been acknowledged as strategically critical for organisational success and competitive advantage, its interface with other business functions has become a growing topic for research. Studies have included the purchasing and production interface (Pearson, 1993; Ellram and Carter, 1996) and the purchasing, operations, engineering and marketing interface (Carr *et al.*, 2008). However, the notion that purchasing needs to be supported by other business functions for improved performance continues to be debated (Foerstl *et al.*, 2013).

In further illustrating how strategic orientations such as marketing, purchasing and production may coordinate for effective SCO in the UK manufacturing context, Lummus and Vokurka, (1999) proposed a list of factors thought to impact the manufacturing supply chain:

- Emphasis on material and information flow
- Greater sharing of information
- Horizontal business processes replacing vertical departmental functions
- Shift from mass production to customised production
- Greater emphasis on organisational flexibility
- Increased reliance on purchased materials and outside processing
- Supplier reduction, moving towards single sourcing
- Increased amounts of competitive pressure

Closer scrutiny of these factors and their characteristics implied that these issues were associated with problems in coordination. Firstly, “*emphasis on materials flow*” required coordination and collaboration (Mentzer *et al.*, 2001). Secondly, “*horizontal business processes replacing vertical departmental functions*” was a concept supported by Arlbjorn *et al.* (2008) who proposed that there needs to be clear division of the roles amongst supply chain related business functions in ensuring that a smooth flow was maximised. This entailed constantly redefining the interface across business functions, both inside and outside the firm (*ibid.*).

Three key studies were identified for gaining a better understanding on how supply chain coordination could be achieved:

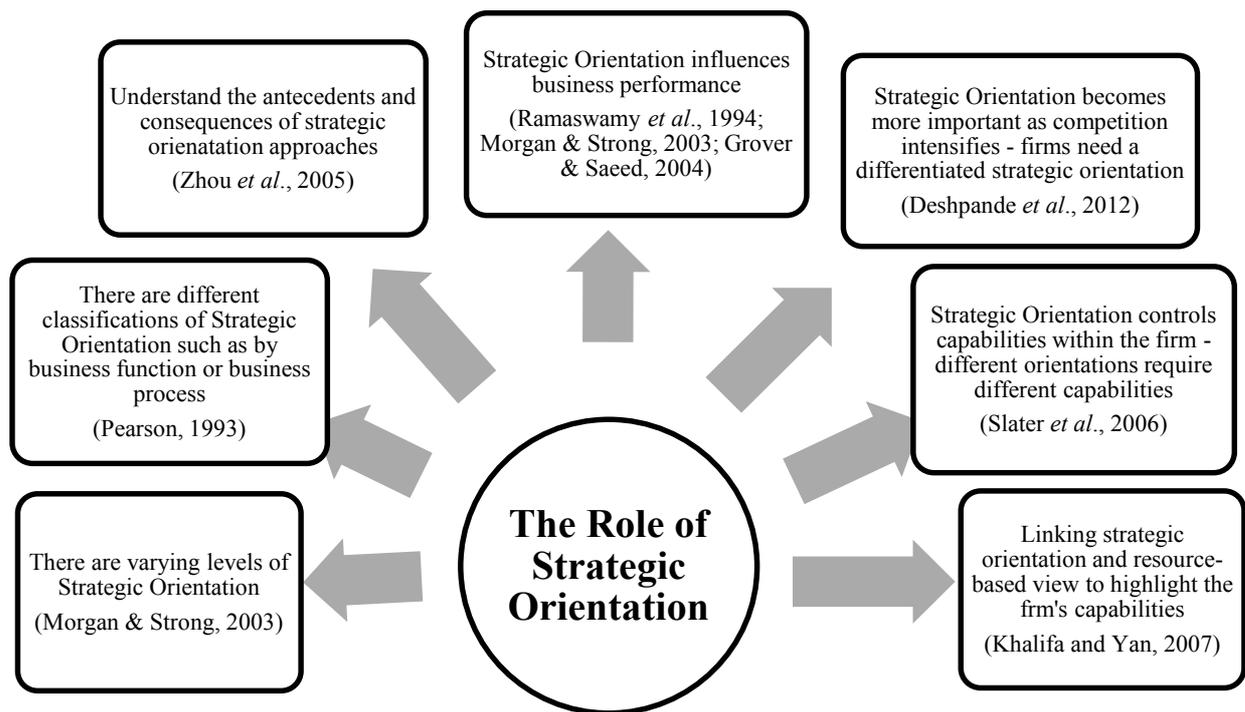
- Fugate *et al.* (2006) conducted an in-depth qualitative study of supply chain coordination mechanisms: price, non-price, and flow coordination mechanisms. The research findings suggested that SCO and learning orientation were important factors for the implementation of flow coordination mechanisms.
- Arshinder *et al.* (2008) mapped various problems in supply chain coordination which included conflicting goals and objectives (goal conflict), disagreements over the domain of decisions and actions (domain conflict) and differences in perceptions of reality used in joint decision-making (perceptual conflict) between supply chain members.
- Kotzab *et al.* (2011) proposed a ranking system using structured equation modelling to examine antecedents for the adoption and execution of SCM. The study verified that an internal SCM condition, such as the strategic coordination of business functions, affects external SCM which in turn influences a collaborative SCM-related process.

#### **2.7.4 The Role of Strategic Orientation**

Now that the historical evolution of strategic orientation development has been explored within the review, we can focus on understanding the role of strategic orientation. Prior to examining the management literature, it is first important to establish exactly what is meant by the term ‘role’ as noted in Chapter I it has become an ambiguous term in the literature. The 17th Century origins of the term ‘role’ come from France. A ‘roule’ or ‘roll’ was a piece of paper held by the actor on stage (online Oxford Dictionary). Online dictionaries define role as meaning a character or characteristic behaviour (online Free Dictionary). A role can infer a set of behaviours or rights and beliefs which are connected and guided by social norms (*ibid.*). In contrast role may also refer to a function or position, such as the function someone is used to or accustomed to playing. A more comprehensive definition of role includes “*in sociology, the behaviour expected of an individual who occupies a given social position or status. A role is a comprehensive pattern of behaviour that is socially recognized, providing a means of*

identifying and placing an individual in a society. It also serves as a strategy for coping with recurrent situations and dealing with the roles of others (e.g., parent–child roles) (online Britannica). The same definition further explains that role represents an important distinction between the actor and the part and determines “...the boundaries of the expected behaviour or comprehensive pattern of behaviour that is socially recognised...importantly, for this research context...”it also serves as a strategy for coping with recurrent situations and dealing with them” (ibid.). In the business context the term role simply means “a prescribed or expected behaviour associated with a particular position or status in a group or organisation” (online Business Dictionary).

The number of studies examining strategic orientation is vast. Yet, the studies which have explicitly examined the role of strategic orientation are scant. The search phrase, “role of strategic orientation” was entered into the Google Scholar search engine covering the publications over the period 1990 to 2012. From Google Scholar, 189 studies were found to include the search phrase, “role of strategic orientation”. However, the number of studies which clearly explained the role of strategic orientation represented a small proportion of studies found in the Google Scholar search. The full extent of findings is exhibited in Figure 2.11.



**Figure 2.11:** Studies which have examined the role of strategic orientation (Author)

Pearson (1993) argued that the role of strategic orientation changed depending on whether it was process or function-based. A similar connotation was made by Morgan and Strong (2003) who acknowledged

varying levels of strategic orientation which suggested that the role may change too. Slater *et al.* (2006) and Khalifa and Yan (2007) link the role of strategic orientation with capabilities. However, Khalifa and Yan noted that when the strategic orientation relates to the firm's resources, this can place the spotlight on the firm's capabilities, or lack of them. Despite there being some unanswered questions in these studies, we are left in no doubt that the role of strategic orientation helps to steer business performance (Ramaswamy *et al.*, 1994; Morgan & Strong, 2003; Grover & Saeed, 2004) and provides the firm with a source of competitive advantage (Deshpande *et al.* 2012). This key point becomes relevant for this research when proposing a business function as a strategic orientation; this may become problematic when the business lacks the relevant leadership to drive the strategic orientation.

The messages conveyed by authors between 1993 and 2012 confirmed that strategic orientation continues to be recognised as an important concept for managers of firms. Areas which do not seem to have been clearly linked to the role of strategic orientation include competitive advantage, value adding, customer focus and links with corporate philosophy or corporate culture.

### **2.7.5 Defining Strategic Orientation**

The final phase of this chapter accumulates the studies examined in this review to bring greater clarity to the existing author definitions on strategic orientation. Two main arguments have been presented:

Authors, Kotas (1973), Harris and Montgiello (2001), Lomax (2006) and even The Chartered Institute of Marketing (CIM, 2011) all referred to strategic orientation as a single construct and concept. These studies suggest that only one business function, such as marketing, could govern the organisational strategy at any one time. Yet, Pearson (1993), Kohli and Jaworski (1990) and Narver and Slater (1990) showed strategic orientation to be a multi-construct founded on three elements or pillars.

In contrast, Mentzer *et al.* (2001) referred to SCO as a management philosophy and SCM as a set of actions to implement the philosophy. If we reflect on the historical foundations of strategic orientation development in the strategy and management literature, the Mentzer *et al.* study contrasted with McGee and Spiro (1988, p.40) who claimed that strategic orientation was "*a way of operating within the climate that the philosophy has set*". Yet the Mentzer *et al.* study confirmed the view held by Miles and Russell (1995, p.25) who proposed that strategic orientation was "*the underlying business philosophy and consciousness that directs all internal and external activities of the firm*". Kotler and Clarke (1987) claimed that strategic orientation should not only influence the way that employees carry out their day-to-day duties; the organisation's strategic orientation was influenced or shaped by employee behaviour. Importantly, these studies have highlighted the importance of understanding strategy, philosophy, culture and individual behaviour. Subsequently, building on the studies examined within this review,

notably Esper *et al.*, (2010), Figure 2.12 delineates the elements of SCO as a business model approach for manufacturing organisations, the Strategic Orientation Pyramid framework.



**Figure 2.12:** The Strategic Orientation Pyramid (Developed from Esper *et al.*, 2010)

A subsequent Google Scholar search<sup>32</sup> found that few published studies included a clear definition of strategic orientation. Therefore, extending definitions offered by Polonsky and Mintu-Wimsatt (1995), Gatignon and Xuereb (1997) and El-Ansary (2006), this literature review offers a new overarching definition of strategic orientation.

*Strategic orientation is defined as a multi-dimensional construct determined by dominant business functions which are supported by relevant and timely business processes to fit the firm’s mission, objectives and strategy. Strategic orientation is driven by leadership and shaped by individual employee behaviour in building resilience for the firm to respond to changes within the business environment. Selecting the appropriate strategic orientation configuration can have a profound impact on the firm’s’ success...or failure.*

(Author)

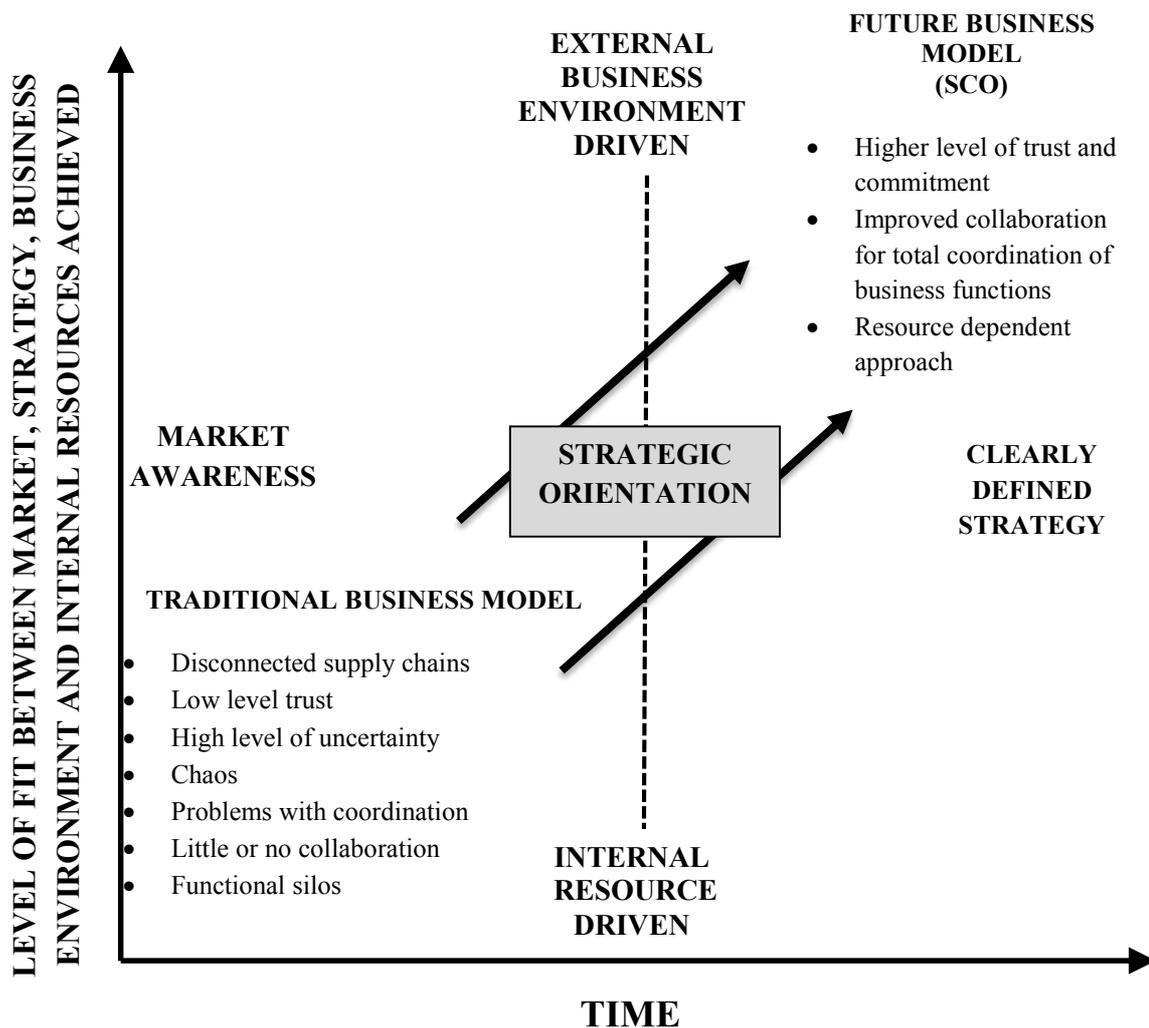
The review suggests that there has been a major revolutionary change in the external business environment which has affected business and supply chain performance. This has placed a greater

<sup>32</sup> Google Scholar search conducted 10/08/13 found 21 articles mentioning a definition of strategic orientation.

emphasis on the need to recognise the appropriate strategic orientation and understand its impact on organisational success.

Many organisations still seem “... rooted in the routines of previous centuries and have failed to restructure their organisational cultures and strategies in response to the demands and challenges of this new emerging economic order” (Eshun, 2009, p.156).

Figure 2.13 is developed from Water’s model (2007) in Appendix 6 to depict how dynamic forces from the industry supply chain can force strategic re-orientation within the manufacturing firm.



**Figure 2.13:** The business model of the future (Adapted from Waters, 2007, p.138)

The literature review has highlighted how SCO, whilst not a new supply chain development, lacks clarity for its importance by business managers, especially those in the manufacturing sector. SCO

represents a multiple construct approach to become a business model solution for a sustainable competitive advantage in manufacturing organisations.

## 2.8 Supply Chain Orientation Configuration

Whilst it can be established that strategic orientation is a multiple construct for sustainable competitive advantage, another key debate in the literature is whether one strategic orientation tends to become dominant depending on the business environment conditions being faced.

Studies have long since acknowledged on-going SCM challenges from the business environment (Lamming and Hampson, 1996), which require a profound revision of strategic orientation to remain competitive (Bartezzaghi and Turco, 1989; Cagliano *et al.*, 2005). Strategic fit has been a key concept for SCO and has been defined as “... *designed to meet the circumstances of the firm’s competitive environment and its resources and capabilities*” (Grant, 2005, p. 449).

The interdependent nature of the relationship between the organisation and the business environment has become significant when organisations have been forced to change their strategy. This initially requires changes to the strategic orientation (Miles and Munilla, 1993; Liu *et al.*, 2004). Meyer *et al.*, (1993) examined discontinuous change in a hyper-turbulent environment, recognising that small changes could present chaotic outcomes, moving the business far away from a state of equilibrium. This threatening scenario is captured in diagram form in Figure 2.14.

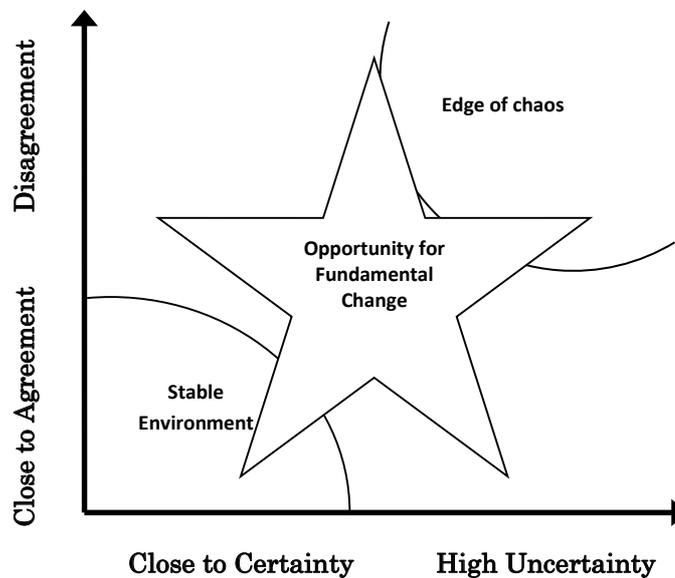


Figure 2.14: The edge of chaos (Adapted from Stacey, 2010)

Importantly, the decision to change might sometimes require a move away from a customer orientation (Parker *et al.*, 1997). Cagliano *et al.* (2005) further emphasised that a manufacturer's strategic orientation would inevitably change over time. These studies once again confirmed that a single strategic orientation approach limits the organisation's flexibility in meeting fluctuating demands, hence the need for a multiple construct such as SCO. The findings from the Cagliano *et al.* study suggested that even when the business environment remained stable, manufacturing organisations still made changes to their strategy. The authors identified four patterns of strategic orientation which prevailed throughout the change process. Product-based strategy remained the most widespread and most stable strategy for manufacturers. Capability-based competition was not sufficiently understood. Market-based strategy and price-based competition were identified as less sustainable as single solutions.

These findings highlighted some of the difficulties managers faced when trying to identify the most appropriate strategic orientation. One of the ways proposed by Cagliano *et al.* (2005) to overcome this problem was to group strategic orientations into configurations. Strategic orientations have also been proposed as specific typologies. Venkatraman's (1989) proposed six dimensions of strategic orientation whereas Miles *et al.* (1978) devised typologies of strategy. The typologies describe business approaches such as aggressiveness, futurity, proactiveness, riskiness, analysis and defensiveness.

*“Configuration theory suggests that for each set of strategic characteristics there exists an ideal set of organisational characteristics that yields the best outcomes. The ideal configurations represent complex ‘gestalts’ of multiple, interconnected and mutually reinforcing characteristics that enable a firm to achieve its strategic goals”*

(Le Meunier-fitzhugh *et al.* 2011, p.64)

In the context of this study, and with consideration of the configurations and typologies which have been reviewed, it is necessary to consider the elements of the manufacturer's SCO.

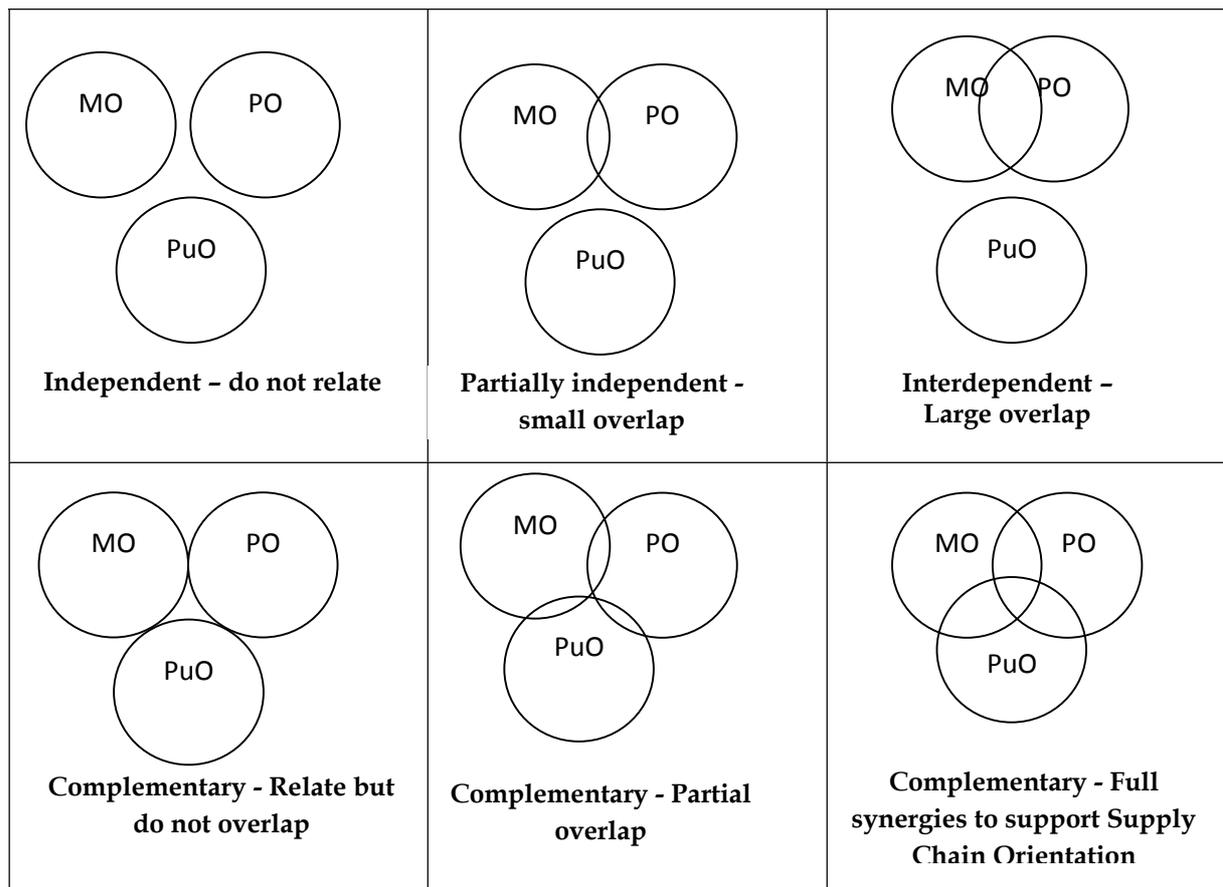
*“It is not useful to have multiple constructs that tap a similar underlying phenomenon without explicitly understanding the nature and extent of the redundancy between the competing constructs.”*

(Singh, 1991, p. 257)

Purchasing, marketing and production have been recognised in this review as critical elements of SCO and SCM. Therefore, utilising Geva's (2008) framework for typologies, it is proposed to combine all three business functions, purchasing, marketing and production, in examining the cross-functional coordination aspect of SCO. Table 2.14 offers six configurations of function-based strategic orientations which support the manufacturer's SCO. These typologies include configurations with partial overlap,

complimentary, those with full synergies and lastly, orientations which operate independently in silos, exhibiting no identifiable relationships with each author.

This set of configurations builds on the studies examined previously in the literature review, in that one or more strategic orientations will always dominate all others (Pearson, 1993; Kotler, 1994; Miles and Russell, 1995).



**Table 2.14:** Six function-based strategic orientation configurations which support the firm's Supply Chain Orientation (MO – Market Orientation; PO – Production Orientation; PuO – Purchasing Orientation)

The review of SCO studies has suggested that the three business functions need to evidence some partial overlap or full synergy if the manufacturing organisation is to realise its SCO for competitive advantage. “*The coalignment or fit of multiple variables...*” requires a holistic model approach (Flynn *et al.*, 2009, p.61). Lampel and Bhilal (2010) argued that the configuration approach provides an appropriate vehicle for reaching this aim.

## 2.9 Literature Review Summary Leading to the Research Model Design

The manufacturing reports examined in Chapter I emphasised the importance of improving supply chain capabilities, focusing on resources and determining the right corporate strategy and structure to *fit* with the business environment challenges being faced. The focus in these reports was one of addressing internal factors as an important prerequisite for managing all organisations within a supply chain. In addressing these recommendations, the aim of the literature review was to examine three areas:

- Understanding how the firm's SCO decision supports supply chain related issues facing medium and large sized manufacturers
- Defining and explaining supply chain orientation (SCO)
- Clarifying the role of strategic orientation

The key concepts of SCM, SCO, strategic orientation and cross-functional coordination have been systematically and extensively examined in the review, taken from a wide range of research disciplines and using the ABS list as a starting point for strategic orientation studies. This interdisciplinary approach has exposed 'linguistic freight' challenges, meaning that authors from different research fields were found to have contrasting ways of interpreting important concepts such as strategic orientation (Wilcox, n.d).

This review has exposed the broad nature of how strategic orientation has been applied within organisations since the early 1900s and 36 different strategic orientation approaches have been featured. When identifying contrasting yet complimentary strategic orientation approaches such as lean orientation (Yang *et al.*, (2011) versus agile orientation (D' Oliveira Luna *et al.*, 2010), market orientation (Keith, 1960) versus operations orientation (Mabert and Venkataramanan, 1998), and product orientation (Kotler, 1994) versus process orientation (Porter, 1985), these can be argued as disciplines in their own right. Fundamentally, they have all been claimed as supporting SCM.

It seems that authors have focused on understanding the links between marketing and SCM; hence this review builds on those views by exploring the relevance of three specific function-based strategic orientations with SCM which have been proposed as critical elements of the manufacturing firm's SCO. These include:

- **Market orientation** - putting the customer first and the ability to translate this into product customisation at a reasonable cost;
- **Production orientation** - determining the most effective manufacturing strategy for the supply chain organisations to pursue;
- **Purchasing orientation** - the desire to pursue collaborative inter-firm relationships with supply chain partners (espoused by the SCM paradigm).

Based on the studies examined, this review concludes that strategic orientation goes beyond the realms of representing business functions, business processes or business objectives. The phenomenon of strategic orientation makes a significant contribution to shaping the firm's business model and is central to the organisation's success... or failure. Whilst the review has established that strategy and strategic orientation are inextricably linked, authors such as Morgan and Strong (1998; 2003) have debated the varying levels of strategic relevance. This point may be especially relevant for managing multi-dimensional constructs such as SCO. The most influential papers reviewed within this chapter included:

**Pearson (1993)** was the first author to question the relevance of strategic orientation, asking if business orientation was “*substance or cliché?*” This study triggered an early research motivation for gaining a better understanding of the role of strategic orientation in the supply chain context.

**Mentzer *et al.* (2001)** Research co-authored by John Mentzer has been influential in establishing the necessary flows for SCM. Mentzer *et al.* were the first authors to distinguish between SCM and SCO. However, this study was conceptual, based on existing supply chain studies.

**Mello and Stank (2005)** highlighted the predominance of qualitative methodologies for understanding the necessary behavioural and cultural changes required within the organisation to become supply chain orientated, before SCM can take place.

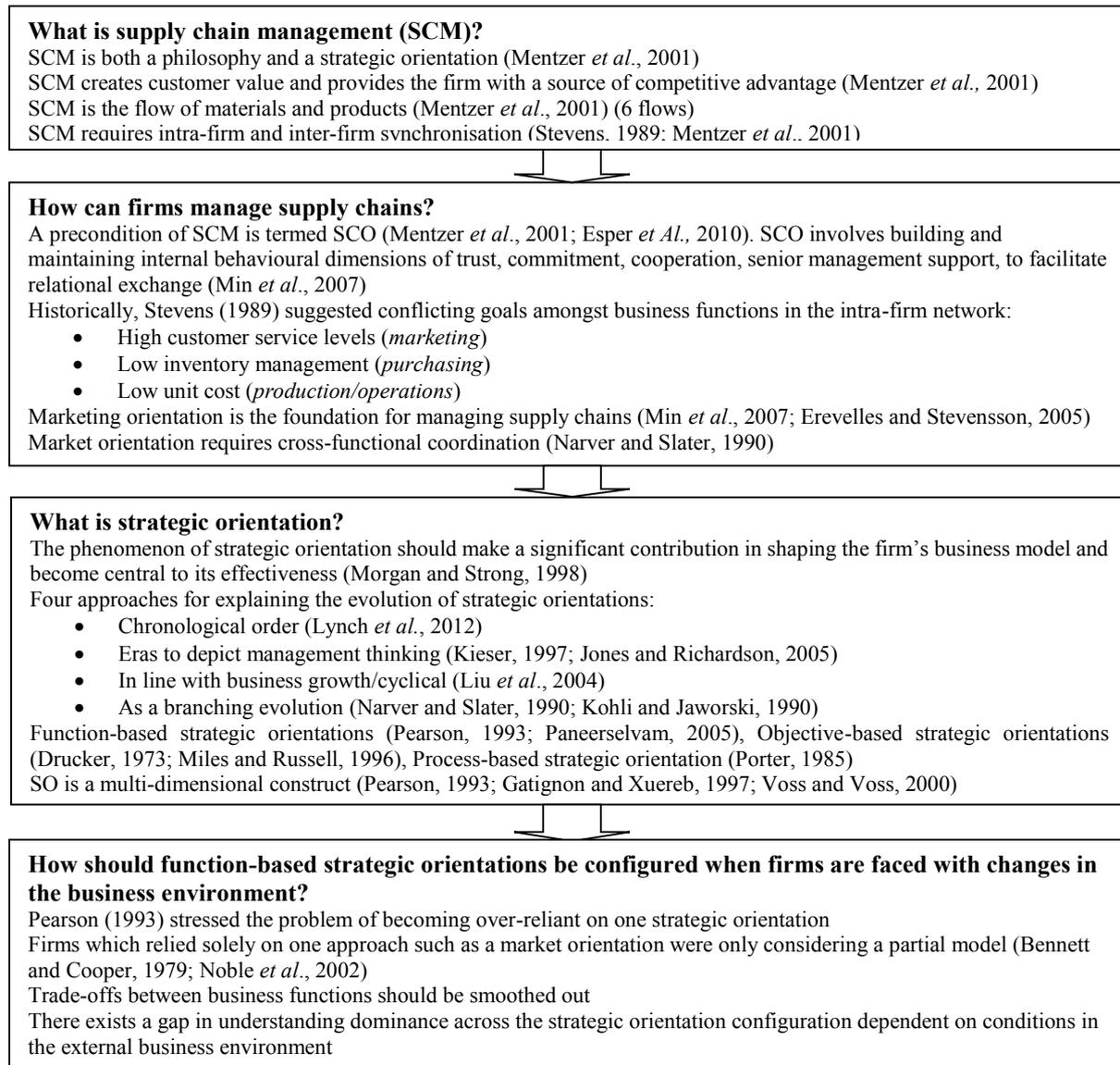
**Cagliano *et al.* (2005)** recognised that as manufacturing strategy changed so must the strategic orientation configuration. The authors contradicted the business growth cycle concept highlighted in the review by Liu *et al.* (2004), stating that strategic configuration was not linked to a final maturity target which others could follow.

**Juttner (2007) and Juttner and Christopher (2013)** examined the role of marketing to support the management of supply chains. The marketing function has become a focus of attention in contemporary studies examining SCM and SCO.

**Esper *et al.* (2010)** conceptualised SCO as a prerequisite for SCM. The authors proposed three central constructs, strategy, structure and behaviours, which are supported by philosophy and culture. The research was conceptually significant in its development and the authors invited more empirical examinations of SCO and specific focus on the behavioural aspects of SCO.

The studies examined in this review have evidenced that understanding the role of strategic orientation in the supply chain context offers far-reaching consequences in terms of achieving a sustainable competitive advantage for individual manufacturing organisations. Figure 2.15 highlights the key points found within this review of literature which includes the origins of SCM and the arguments presented by authors plus the importance of cross-functional coordination for effective SCM and SCO. Effective management of the manufacturing firm's strategic orientation has been argued as lacking a control mechanism for shaping management and employee behaviour (Taylor, 1996; Peck, 1998; Raymond and

Bergeron, 2008). SCO places a particular emphasis on stronger collaboration internally within the organisation, creating a supply chain culture (Mello and Stank, 2005).



**Figure 2.15:** Responses to critical questions derived from the literature

Adopting a SCO business model approach promotes high levels of trust and coordination across supply chain business functions such as purchasing, marketing and production. These same business functions have, historically, been acknowledged as difficult to manage and prone to conflict, functional rivalry as inevitable (Crittenden, 1992; Crittenden and Crittenden, 1993; Fisher, 1997; Morgan and Strong, 2003; Piercy, 2007). In understanding the extent to which a manufacturing organisation may be supply chain orientated, studies are limited, with Mentzer *et al.* (2001) emphasising concepts such as commitment and trust and Mollenkopf *et al.* (2007) focusing on developing a causal model for measuring marketing and logistics. The elements of SCO have been identified as philosophy, strategy, structure, culture,

leadership and behaviours (Esper *et al.*, (2010); these constructs can be further separated to identify a control mechanism for the organisation.

## 2.10 Designing the Research Questions

The thought process behind developing the three research questions introduced in Chapter I was founded on the key findings and research gaps identified in the literature review. Maxwell (2012) and Silverman (2013) recognised that the design of the research question is critical but can be problematic. Silverman has even dedicated a whole chapter in the latest edition of his research methods text.

The searches featured in Chapter II have confirmed there existed limited knowledge of behavioural themed studies for explaining SCO. The increased complexity in the technical aspects of quantitative modelling for supply chain research has meant that many important softer issues have been frequently overlooked (Jain *et al.*, 2009). The review has indicated that, despite being used as a term in the 1990s and early confusions with understanding the boundaries of SCO (van Weele, and Rosemeijer, 1996) Esper *et al.* (2010) were the first authors to offer conceptualisation of SCO; so, SCO can still be regarded as a fairly new and largely unexplored concept. Despite RQ1 mainly derives from Mentzer *et al.* (2001) and Min *et al.* (2007) in distinguishing between SCM and SCO. Few studies since these have built on them in comparing and contrasting the subcomponents of each. Key concepts were identified in Chapter II which have been repeatedly mentioned in the existing SCM and SCO literature but not necessarily properly examined. These concepts include cooperation, trust, change, leadership, capability and communication. The literature review has explored the connections between SCM and SCO and offers greater clarity to the necessary components of SCO but this theory needs to be tested empirically in gaining a deepened understanding of the connection between the two concepts. Hence, research question one is as follows:

- **RQ1: How does supply chain orientation support supply chain management?**

A study by Esper *et al.* (2010) was identified as one of the first to bring clarity to the confusing boundaries and differences between SCO and SCM (van Weele, 1996). Hence this thesis will build on Esper *et al.*'s research asking the probing *how* question for implementing SCO effectively as a strategic orientation. Esper *et al.* (2010, p.161) stated that SCO "*cannot be understood without incorporating both a firm's strategic intention to compete via supply chain capabilities and the firm's internal structural elements*". The limitations of Esper *et al.*'s study were twofold:

- Examination of SCO was purely conceptual, proposing a model based on existing definitions
- There was an emphasis on two of the three proposed pillars, structure and strategy, with little emphasis in the study on behaviours.

Hence, research question two is as follows:

- **RQ2: How may supply chain orientation be applied as a strategic orientation?**

Figure 2.11 highlighted existing studies which included the phrase ‘role of strategic orientation’ were highlighted. Examination of these papers revealed the following theories:

- Knowledge that strategic orientation influences business performance (Ramaswamy *et al.*, 1994; Morgan and Strong, 2003; Grover and Saeed, 2004).
- The strategic orientation decision is dependent on the organisation’s resources and capabilities (Khalifa and Yan, 2007).
- There may be varying levels of strategic orientation (Morgan and Strong, 2003)
- The more competitive the global business environment becomes, the more important strategic orientation selection becomes (Deshpande *et al.*, 2012).

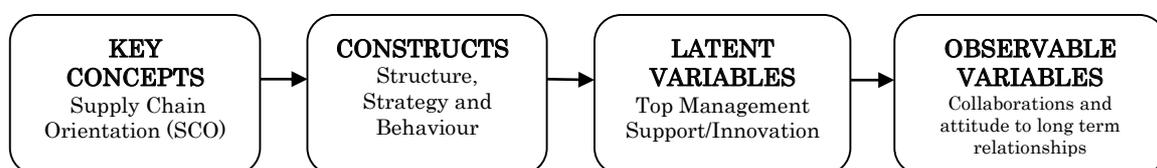
The literature review identified a gap in studies from management disciplines outside of the supply chain literature whereby strategic orientation was clearly defined and delineated from concepts such as philosophy, culture and strategy. This research aims to fill that void and investigate the practical management implications of the strategic orientation decision. In fully understanding SCO, it is first necessary to examine the role of strategic orientation within the organisation and separate it from concepts such as philosophy, culture and strategy. Hence research question three is as follows:

- **RQ3: What is the role of strategic orientation?**

The three research questions will be applied to the UK touring caravan manufacturing industry in Chapter IV utilising a predominantly qualitative approach and case study method which are explained in Chapter III.

## 2.11 Designing the Research Model

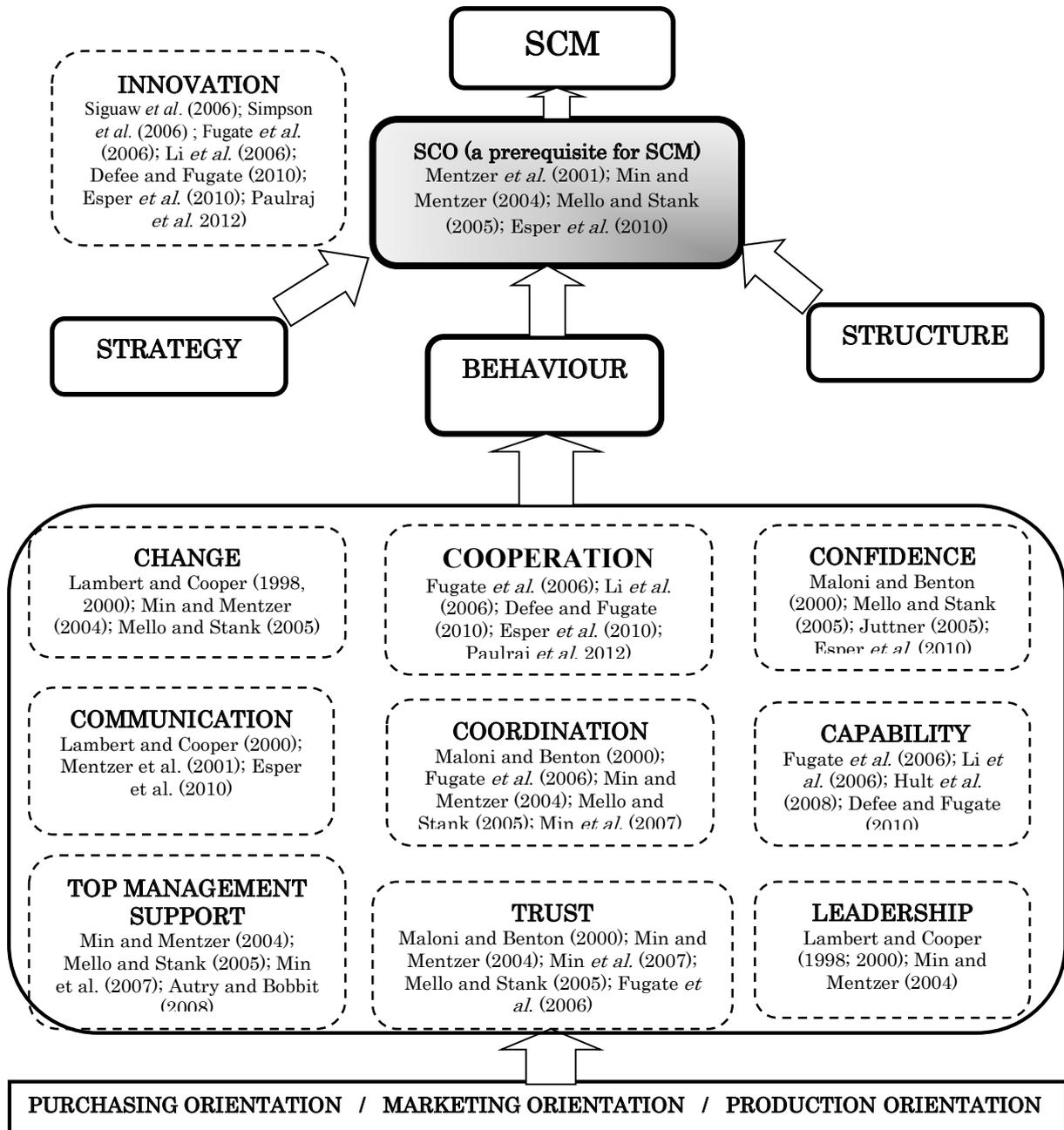
In answering these three research questions and building on Figure 2.15, a research model was designed. Therefore, based on the definitions within this text, Figure 2.16 delineates these important stages in the research process.



**Figure 2.16:** Stages of model development for the measurement of SCO variables

SCO is the key concept proposed for this research, and structure, strategy and behaviour are proposed as the three constructs of SCO by Esper *et al.*, (2010). Latent variables, such as in this case top management support and innovation are commonly referred to by statistical analysts for measuring purposes in structured equation modelling (SEM). The SCM studies examined in the literature review have revealed common references to concepts such as SCO, strategy, structure, behaviour, senior

management support, commitment, trust and coordination. Figure 2.17 charts the observable variables and latent variables to support key concepts such as supply chain orientation (SCO) and supply chain management (SCM).



**Figure 2.17:** Research model developed from the studies examined within the literature review

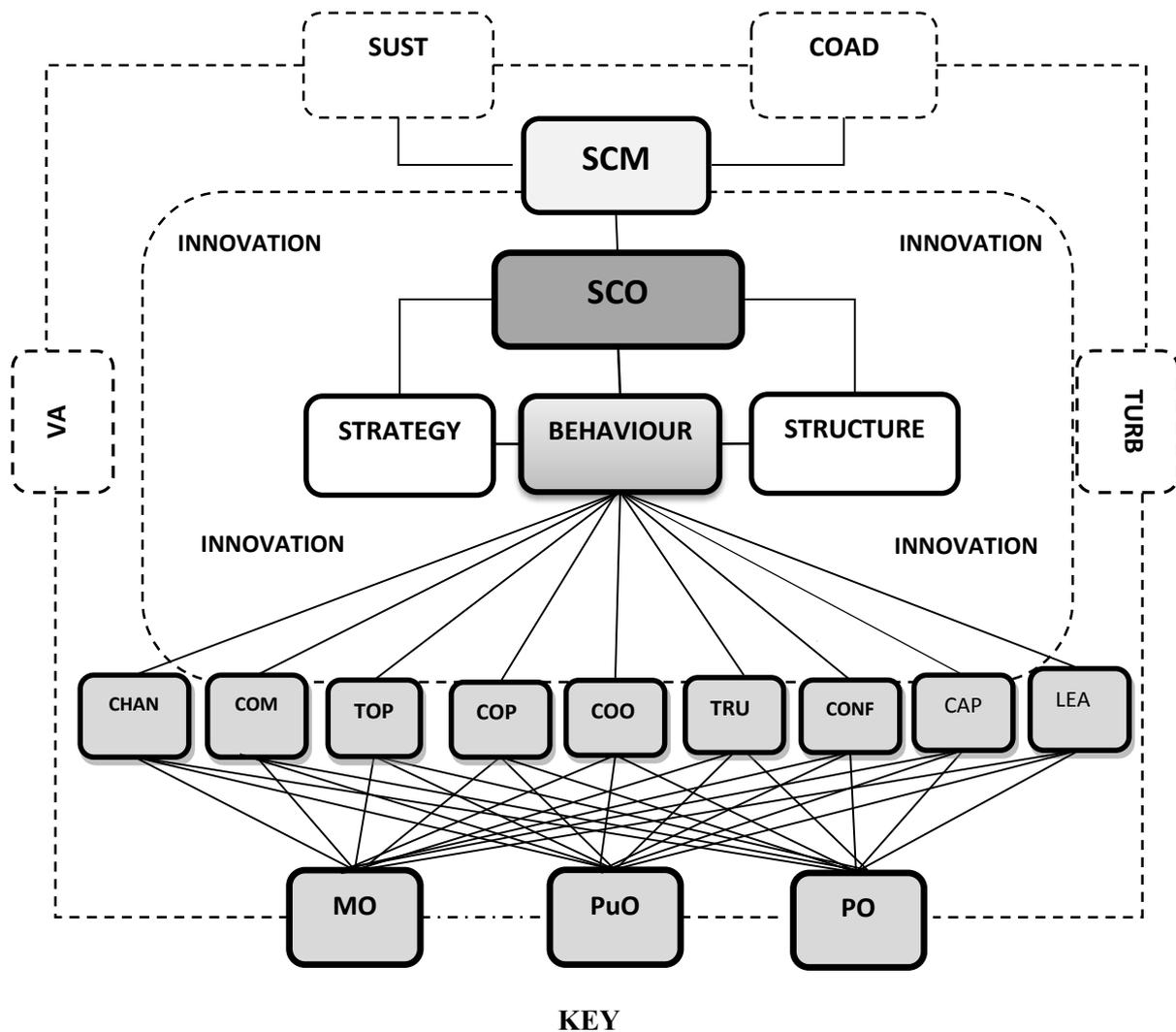
Studies are further mapped against each to improve the clarity and validity of the research model being developed. The latent variables are investigated in the context of purchasing, marketing and production proposed as function-based strategic orientations within the manufacturing and supply chain firms to support the firm’s supply chain orientation (SCO).

However, successful innovation has been recognised as challenging and “*everything to do with the organisation and attitude*” (Hargadon and Sutton, 2000, p. 157) with “*an innovation-orientated knowledge structure*” as a set of values and beliefs (Simpson *et al.* 2006, p.1133). These studies inferred that individual attitudes, behaviours and capabilities of employees plus corporate culture may be important antecedent features of innovation orientation.

As the business environment has become increasingly competitive through globalisation, authors have emphasised innovation orientation as a means for managing the supply chain. For example, Peterson *et al.* (2005) stated that managers needed to consider the level of innovation which was feasible for their business; organisations should embrace supplier driven innovation rather than market driven innovation. Contrasting views like this indicated there may be tensions between business functions when managers were forced to choose a new strategic orientation as a source of competitive advantage.

Understanding the purpose of working towards an innovation orientation and its recognising its antecedents have been clear messages in the literature and so it can be seen in the research model as surrounding other concepts such as strategy, structure and the behaviours. Innovation orientation has been highlighted as essential for modern day manufacturing (Nanakumar *et al.* 2011) and recognised as important sources of a firm’s competitive advantage and value (Li *et al.*, 2006; Robinson and Malhotra, 2005). In the manufacturing context, successful management of an innovation orientation has been argued as resulting in higher levels of business growth and achieving competitive advantage (Laforet, 2008; Dobni, 2010). Adopting an innovation orientation provides the firm with a strategic direction for responding to and fitting with market challenges (Manu, 1992). Siguaw *et al.* (2006) further argued that focussing on three areas: strategic direction, a learning philosophy and functional interaction led to developing innovation orientation. As has already been highlighted in Chapter II, organisations have been operating in what Bessant and Lamming (2012) termed as a “*fluid*” environment which has required managers to plan for incremental and discontinuous innovation which is likely to require a new business model approach (Lamming and Jia, 2012). These important contributions for organisational success have been recognised by the placement of innovation in Figure 2.18.

The review presented in Chapter II has confirmed that there is a relationship between all three key concepts: SCM, SCO and strategic orientation. In determining a strategic orientation to support effective SCM, authors have proposed SCO as both strategic and an important prerequisite for firms in achieving effective SCM (Mentzer *et al.*, 2001; Min and Mentzer, 2004; Mello and Stank, 2005; Esper *et al.*, 2010). Mentzer *et al.* (2001) further suggested six flows: product, services, information, finance, demand and forecasting.



SCM Supply Chain Management	PO Production Orientation	SUST Sustainability	TURB Turbulence
SCO Supply Chain Orientation	MO Market Orientation	VA Value Added	CONF Confidence
COAD Competitive Advantage	COD Coordination	CHAN Change	COM Communication
PuO Purchasing Orientation	COP Cooperation	CAP Capability	LEA Leadership
			TRU Trust

**Figure 2.18: Research model and Key**

SCO builds on this, with authors describing it as “a shared value and belief system that aids in understanding how the organization should strategically manage its supply chain, and the behavioural norms needed inside the organization” (Esper *et al.*, 2010, p. 163). Bullinger *et al.* (2002) argued that changes in the business environment could instigate either a positive or negative impact on SCO. Figures 2.17 and 2.18 collate the studies examined on SCO and SCM and will be utilised for the empirical investigation in addressing all three research questions. The shaded areas in Figure 2.18 represent the areas which will be tested against the manufacturing case companies in Chapter V.

Firms which have a good understanding of the internal supply chain flows (SCO) and external flows with suppliers and customers (SCM) create value for themselves (Benton and Maloni, 2005; Robinson and Malhotra, 2005; Stank *et al.*, 2005; Juttner and Christopher, 2010). Furthermore, firms which accept SCM and SCO as sources of competitive advantage become more economically sustainable in the longer term (Peck, 2006; Defee *et al.*, 2009; Lynch *et al.*, 2012).

The model proposes delineating the constructs proposed by Esper *et al.* (2010) and behavioural aspects introduced by Mello and Stank (2005) for supporting SCO. The model proposes linking all three business functions which have been recognised in the review as strategically critical for organisational success. These functions include purchasing, marketing and production. Finally, Figure 2.18 represents the model which will be empirically tested in Chapters IV and V.

## **2.12 Summary of the Literature Review**

This chapter has taken a two pronged approach to examine the key concepts: SCM, SCO, cross-functional coordination and strategic orientation. Once an overview of the history of management was researched, SCM and the underpinning theories associated with supply chain studies were explored. Some distinctions were offered between SCM and SCO with contrasting definitions being acknowledged. Hence, Esper *et al.* (2010) study was found to be the most influential in understanding SCO. Cross-functional coordination has been recognised as a troublesome area for managers since 1990s and the literature review has examined some of the major reasons for this relating to manufacturing. Prior to the research questions and research model being designed, the review explored the many ways that strategic orientation has been interpreted. Strategic orientations have been identified as function-based, objective-based or process-based in the organisation. A range of new conceptual developments to more fully understand strategic orientation have been offered within this chapter. Finally, the three research questions and research model are proposed, systematically being linked to the literature and research gaps which have been identified.

**CHAPTER III - BACKGROUND STUDY  
FOR THE UK TOURING CARAVAN  
MANUFACTURING INDUSTRY**

Chapter I Introduction	Chapter II Literature Review	Chapter III Background Study of the Industry	Chapter IV Research Philosophy & Design	Chapter V Case Study Findings	Chapter VI Analysis, Interpretation & Discussion	Chapter VII Conclusions
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### 3. INTRODUCTION

As mentioned in Chapter I, the UK touring caravan manufacturing supply chain is a previously unexplored industry for academic research. Hence, due to the lack of information available in academic studies, a background contextual study was conducted in 2008 exploring the UK touring caravan manufacturing industry. Prior to the main research findings being presented in Chapter V and research design in Chapter IV, the purpose of Chapter III is to present a brief industry overview which helps to contextualise what has historically been termed as a UK “*cottage*”<sup>33</sup> industry. This study provided opportunity to examine the industry at a macro-environment level and examine the characteristic traits of the UK touring caravan manufacturing industry. Following the guidance offered by Saunders *et al.* (2007), this background information has been extracted from industry and company reports obtained during interviews held with key players within the caravan industry. As a result of the discussions with industry participants, a detailed history of the UK touring caravan manufacturing industry in this chapter shows the industry’s evolution between 1900 and 2014.

#### 3.1 Methods for the Background Study

A study exploring the history of caravanning, the market structure and trends in production was conducted between March and October 2008. It is important at this point to stress that the motivation for this was purely contextual and no significance or connections to the main research have been made of the findings. There has been little published about the UK touring caravan manufacturing industry, so the background study was an opportunity for determining whether this industry would be a suitable sector for developing case studies for the main research. The study enabled a deepened insight to the competitive structure and supply chain related challenges affecting the UK touring caravan industry and its members. The list of participants and main findings were presented in Chapter I.

As proposed by Gray (2002), this study was useful for gaining some background information on the supply chain challenges which were being faced by the UK touring caravan manufacturing industry

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<sup>33</sup> Cottage industry was defined by Chandy *et al.* (1998, p.890) as “*experts ...manufactured hand tooled, highly customized goods*”

and establishing if these were indicative of some of the challenges which were highlighted in the five manufacturing reports featured in Chapter 1. The background study was found of most value for three reasons:

- Building on and confirming or dismissing other background industry information which was understood prior to the study. One has to dismiss the notion that the research evolved from an “empty head” (Kelle, 1997) or “tabula rasa”.
- It provided an opportunity to identify the gatekeeper within the industry (Gray (2002)
- Working relationships could be developed through this period with industry participants in preparation for the main research (Saunders *et al.* 2007).

An introductory letter was distributed to industry representatives at a National Annual Trade Show in February 2008 which provided opportunity for arranging face-to-face appointments for a later date. Participants were carefully selected as market leaders within the supply chain echelons of the industry, or those holding extensive knowledge of the touring caravan industry and its evolution. This approach ensured participants represented a significant proportion of turnover and market share for the industry in the relevant supply chain echelon. This helped the author to gain a more balanced and valid perception of the supply chain issues being faced by the UK touring caravan manufacturing industry. Following distribution of the introductory letter, follow up appointments were made with six companies, as listed in the Table 3.1. Interviews took place between March and October 2008 and each interview session lasted between forty minutes and three hours.

CASE COMPANY	INTERVIEW PARTICIPANT
Finished Goods Manufacturer A	Chief Executive
Retailer A	Manager /Owner
Component Supplier A	Director

**Table 3.1:** List of Interview Participants

A small number of industry experts were consulted throughout the study to ensure a holistic and non-biased view of the industry was understood. Informants were selected primarily from two organisations: National Caravan Council (NCC) and The Caravan Club (CC). Information was gathered from the websites and interviews with senior members from each organisation (From NCC: Marketing Manager, Business Development Director, Deputy Director General and from CC: Technical Director and Data Analyst). A short profile for NCC and CC is now presented:

**National Caravan Council** - the NCC is a UK trade body supporting the touring caravan, motorhome, holiday home and park home industries in the UK. NCC is a not-for-profit organisation

founded in 1939. The aim of the organisation is in ensuring that “*the caravan industry delivers high quality products and services and treats consumers fairly*” (NCC: about the NCC, p. 2). NCC works closely with The Caravan Club, The Camping and Caravan Club and National Association of Caravan Owners. NCC acts as a lobbying party representing all supply chain members within the UK caravan industry. These members include:

- Manufacturers of tourers, motorhomes and holiday and park homes
- Retail dealers of tourers and motorhomes
- Distributors of holiday homes
- Holiday and residential park operators
- Suppliers of components, appliances and accessories
- Specialist service providers to the industry

NCC is governed by elected members from within the industry serving through a range of specialist committees and a Board of Directors and is managed by the Directorate based in Hampshire. The mission for NCC is to be “*the recognised and respected authoritative trade body for the UK caravan industry providing leadership through a centre of expertise offering support, products and services to members for the successful evolution of their businesses*” (NCC: mission and vision).

(Information as supplied by the NCC website, industry reports and interviews held with senior representatives from NCC: Marketing Manager, Business Development Director and Deputy Director General).

**The Caravan Club (CC)** is a not-for-profit organisation, founded in 1901 and currently provides just over 500,000 member households with access to circa 3,000 caravan park locations. CC is aimed at supporting the consumer market but liaises closely with industry member, especially finished goods manufacturers. The organisation has built a reputation for sharing extensive knowledge and expertise about the industry trends and supporting caravan customers with improving their experiences with the popular leisure past time and activity. Some facts about the industry are includes:

- *Membership of the Caravan Club currently stands at just over 375,000 families, representing around one million caravanners, motorhome owners and trailer tent owners.*
- *Including site wardens, CC employs over 800 staff, with 250 at head office in East Grinstead. The club’s annual turnover is over £100 million. The club has no borrowings and finances all expenditure from revenues and reserves.*
- *Membership grew slowly until 1939 when it was 1,057. Membership had doubled by 1945 and reached 10,000 by 1954. The 100,000 milestone was reached in 1971 and 250,000 in 1982.*

- *Club members own a total of 500,000 cars, making The Club customer of the motor trade.*
- *The club provides over 20 million bed nights per annum, more than many major hotel chains.*
- *Club members spend over £400 million (excluding site fees) every year in the local economy*
- *On average there is a Caravan Club badge sited for every 30 square miles of Great Britain.*
- *Over the last nine years The Club has invested over £100 million on site development and acquisition, the majority of which was spent with local building contractors, landscapers and other trades.*
- *Every year The Caravan Club's Overseas Travel Service makes reservations for over 30,000 member families who travel overseas.*

(Information was supplied by two interview participants: Technical Director and Data Analyst).

### **3.2 Blogs and Industry Forums**

In addition to the more traditional approaches for collating information about the UK touring caravan manufacturing industry, the use of company forums and industry weblog pages were found insightful. Since the rise of the internet mid-1990s and the introduction of blogs in 1999, new cultures have been created in cyberspace to become the researcher's extended toolkit or "*blogosphere*" (Hookway, 2008, p. 98).

During the time of the research the UK touring caravan industry had started to develop the use of blogs and forums, described by informants as a method of "*getting closer to the customer*". A major caveat was the issues of reliability and validity which was noted by Saunders *et al.* (2007) and Hookway (2008). Whilst many blog comments were irrelevant to the study it was still a useful approach for gaining a "*raw*" appreciation of the individual views from members of the UK touring caravan manufacturing industry. Two monitored industry forums were reviewed on a regular basis throughout the research journey: Practical Caravan Forum and Caravan and Caravanning Forum.

### **3.3 The UK Touring Caravan Industry**

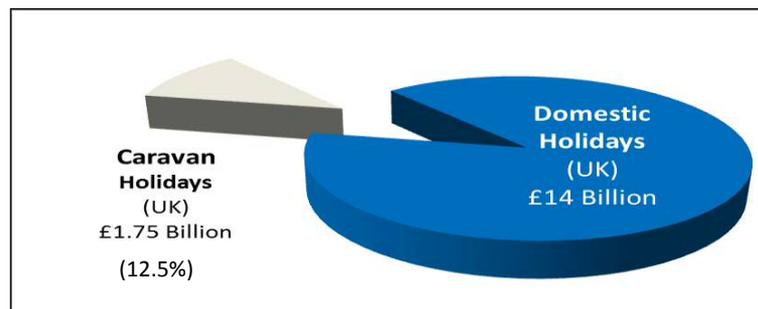
One of the major idiosyncrasies identified was that over 90% of the domestic market supplied by indigenous manufacturers from the South West and North of England (Timms, BERR 2007). Indeed, the vast majority of manufacturing firms, suppliers and retailers have been family owned small and medium sized companies (employing less than 250 employees). Reflecting back on the recommendations from the RAE report (2012) featured previously in Chapter I, protecting and growing an indigenous skills base was considered an important enabler of value creation.

The UK touring caravan industry encompasses manufacturing, services, sales and also includes caravan parks. In 2008, National Caravan Council (NCC: 2009) claimed the annual total revenue for the UK

was £6 billion<sup>34</sup> employing approximately 115,000 people (NCC: 2009). During the study, the manufacturing of UK touring caravans was largely an indigenous UK manufacturing industry. Many of the businesses were found to be family owned and had been passed through generations.

Whilst the contribution to gross domestic product (GDP) remained at 1% (National Caravan Council; Factfile for Tourers: n.d), one of the main arguments for sustaining touring caravan manufacturing in the UK has been linked to the benefits of protecting and developing domestic tourism in the UK (ibid.). There are 1.5 million people in the UK regularly taking touring caravan or motorhome holidays (National Caravan Council; Factfile for Tourers: n.d). The number of UK touring caravan holidays taken annually was quoted by The Caravan Club (Facts Report: n.d) as 4.74 million. The Caravan Club reported a 40% rise in the number of advanced park bookings year on year (The Caravan Club: Facts Report: n.d). The Caravan Club members, in Wales alone, spent over £21million per year with local businesses outside of the caravan parks themselves (The Caravan Club: Investing in Wales: n.d).

Significantly, £2.1 billion is spent annually on touring caravan nights away from home (National Caravan Council; Factfile for Tourers: n.d). This confirms touring caravanning an important contributor to UK GDP. The comparative percentage contribution of GDP generated from touring caravan holidays in the UK can be seen in Figure 3.1.



**Figure 3.1:** Contribution of Caravan Holidays to Domestic Tourism Data (NCC, 2009)

In effect it was “*caught short by the ferocity of the manufacturing downturn*” (Minford, 2009). Yet, perhaps what was most intriguing about this industry was the number of new business start-ups in caravan manufacturing at a time when production figures appeared to be in long term decline. This optimism for a return to growth made this industry a captivating choice for the research application.

### 3.4 History of Caravanning

Caravanning is not exclusive to the UK. Caravan holidays have become popular in Europe, US, New Zealand, Canada and parts of South Africa (The Caravan Club: travelling abroad). The concept of caravanning was mainly founded during the early 1900s when affluent businessmen were able to enjoy

<sup>34</sup> Revenue includes sales of products and related services, holiday bookings (NCC)

more leisure time with family and friends (BBC4). Though the Wandered Caravan<sup>35</sup> was the earliest known caravan built in 1885. The first Eccles caravan model was built and sold in 1920 as featured in Figure 3.2 (Witter Towbars) which is in contrast to the modern day caravan (Swift Group).



**Figure 3.2:** First Eccles Caravan Towed by an Eccles Motor Vehicle (c.1926) (Witter Towbars) in Contrast to a Modern Caravan (Image courtesy of Swift Group, 2010)

The end of WWII resulted in a growing economy and employment in the UK with a growing emphasis on leisure activities until the 1960s when caravanning started to become a fashionable hobby for the *middle working class* during the 1960s (BBC 4). Southerton *et al.* (1998) acknowledged lifestyle change affecting the demand for touring caravans, with working class families seeking freedom to relax in the British countryside and seaside parks (BBC4). This yearning for enjoying freedom in the countryside with friends and family in what Southerton *et al.* (1998) referred to as a “*home from home*” environment.

UK touring caravan manufacturing has advanced significantly from the days of handcraftsmanship by cabinet makers, to becoming a sophisticated manufacturing operation. At the time of this research, the UK touring caravan manufacturing industry can be characterised as including automated production lines such as used in aircraft manufacturing (Figure 3.3), process re-engineering techniques with leading manufacturers competing through innovative thermoplastic and polyurethane materials plus internal design features such as solar heating, household appliances and fixed bedding options.

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<sup>35</sup> The Wanderer caravan is still owned by The Caravan Club



**Figure 3.3:** The Automated Production Line Enables Manufacturing of up to 250 Caravans per Day (Sourced from Bailey Caravans of Bristol)

Interview discussions with two participants from The Caravan Club in 2010 highlighted that the UK touring caravan manufacturing industry represents an important economic segment of the UK economy. This was a trend which continued throughout the duration of the research period. For instance, a Mintel Market Intelligence Report (2014) noted that camping and caravanning holidays attributed to between 15.3% (2011) and 14.2% (2013) of domestic holidays within the UK and the Caravan Club reported that “UK Caravan Club members alone spend in excess of £400 million in local economies every year” (Caravan News, 2015). Historically, approximately 95% of UK manufactured touring caravans have been sold within the domestic market and possibly unlike other industries, suppliers of touring caravan manufacturers are entirely or largely reliant on the success of this industry and buoyant sales of finished goods. Highlights from interview discussions held with National Caravan Council (NCC), The Caravan Club (CC) and Manufacturer A and Manufacturer B are captured in Table 3.2 as a snapshot of the industry history.

KEY FACTORS	INTRODUCTORY PHASE 1947 -1959	GROWTH PHASE 1960-1979	MATURITY PHASE 1980-2007	MODERN PHASE (Reduced demand/ followed by stability) 2007- 2014
<b>BUYERS</b>	Rich, curious	Widening	Mass market	Diverse
<b>PRODUCTS</b>	Poor quality standard product	Reasonable quality, customised product	Improved quality, customised product	Variable quality, standard and niche markets development
<b>COMPETITORS</b>	Few	Many new entrants	Unstable, fragmented	Condensing Supply Issues
<b>MARGINS</b>	High	High	Variable	Low
<b>PROFITS</b>	Low	Highest	Pressurised	Weak

**Table 3.2:** Historical Trends for UK Touring Caravan Manufacturing (1947 – 2014).

The table has been adapted from Haperberg and Rieple (2001) industry life cycle framework. The table is divided into four time phases spanning over half a century (1947 – 2014). Each time phase category,

introduction, growth, maturity and reduced demand<sup>36</sup>, represents a shift in industry and manufacturing patterns caused by changes in customer demand as explained below:

The “*introductory phase*”: between 1940 and 1959 the UK touring caravan manufacturing industry launched a range of products for the new class of consumer. As mentioned previously, the touring caravan was initially regarded as “*the plaything of a privileged minority*”, as only the very richest families (those with motorcars) were able to tow them (BBC 4, 2009). Production of touring caravans rose from 3,031 units in 1947 to 10,258 in 1950 and 43,118 units by 1960 (NCC, 2009). Sam Alper (1924-2002) was known as “*the Henry Ford of caravanning*”, bringing mass production to the caravan industry post World War II (BBC 4, 2009).

The “*growth phase*” or second time stage featured in Table 4.1 (1960-1979) was characterised by rising production levels during the 1960s with an increase in the number of manufacturers. Production levels reached an all-time peak of 67,000 units in 1972 (NCC, 2009). A new caravan developed by Alper, the Sprite, was targeted at a starting price of £199<sup>37</sup> for the average working class family (BBC4, 2009). Caravans International (CI) was considered the largest caravan manufacturer on the London Stock Exchange by 1976 (Caravans International: company history). This growth phase ended when the industry experienced turbulent times in 1974 (ibid.). Evidence of this volatility in production units can be seen in Figure 4.4

The “*maturity phase*” (1980-2007) was characterised by fuel shortages, high inflation, soaring costs of raw materials and increased competition from foreign package holidays. These issues led to a major restructuring within the industry and ultimately resulted in the disappearance of several leading manufacturers during the 1980s (BBC4, 2009). This economically unstable period was followed by merger and acquisition activity in the 1990s. Manufacturers started to move away from mass production strategies to producing smaller batch quantities, offering more customised products, but sales and margins were more pressurised and profit was variable across manufacturing brands. Sales fell from the peak of 67,000 units in 1972 to around one third of this volume by 2002.

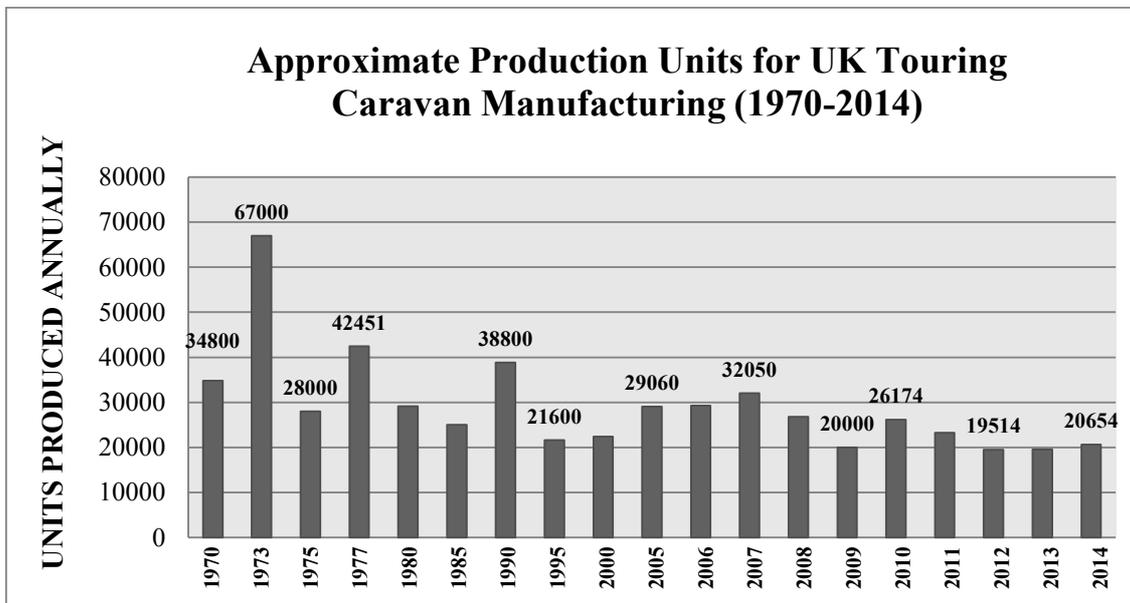
The fourth “*modern phase*” (2007 to 2014) has been characterised by an initial decline in demand which has now settled at just over 20,000 units a year. This period has represented an exceptionally challenging time for manufacturers in the sector due primarily to the difficult economic climate for manufacturing, not just in the UK but worldwide.

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<sup>36</sup> The time periods are selected based on eras where significant changes in production/sales levels were noted within the industry.

<sup>37</sup> The average retail price for a UK manufactured touring caravan in 2014 was £22,000.

At the time of conducting the main research (2009-2011), approximately one and a half million British people actively participated in caravan or motor caravan holidays each year (Caravan Club). We can see from Figure 3.4 that since 2005, annual production figures for touring caravans fluctuated between the lowest figure: 19,514 units (2012) and peak figure: 32,050 units (2007); this is in stark contrast to the higher number of units produced during the 1970s boom period.



**Figure 3.4:** Approximate<sup>38</sup> Production Units for UK Touring Caravan Manufacturing (1970-2014) (NCC, 2009; Manufacturer A).

The variation in customer demand levels over such a prolonged period (1970-2014) raised concern from UK Touring Caravan Manufacturing industry supply chain members about the long term sustainability of suppliers and manufacturers. Interviews with Manufacturer A in December 2014 and Manufacturer B in January 2015 revealed that in response to UK economic challenges such as tightening up of domestic borrowing and the subsequent downward trend in customer demand for UK touring caravans, there had been a move by UK touring caravan manufacturers towards re-growing the export market.

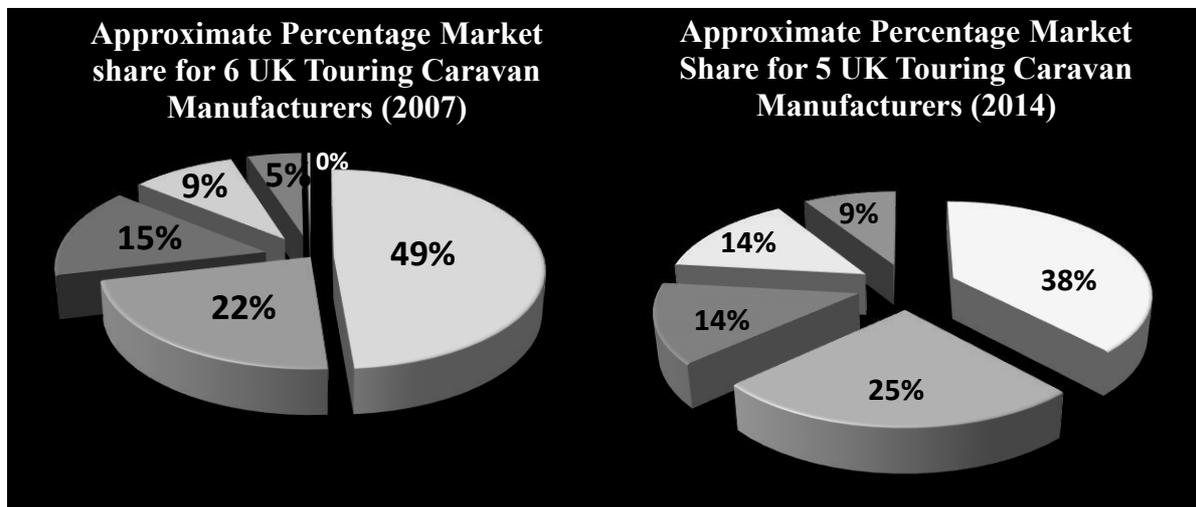
Whilst the UK remains the largest European market for touring caravans (NCC), UK manufacturers are optimizing new demand opportunities for touring caravans (and motorhomes) across Europe and Australia and New Zealand. Figure 3.5 shows the trends in touring caravan dispatches to the export markets between 2000 and 2012.

<sup>38</sup> The term approximate is used because the exact month/year timing of the historical data is unknown. Units calculated since 2005 is worked on moving average total (MAT) to October 2014.



**Figure 3.5:** UK Touring Caravan Dispatches to Export Markets 2000-2012 (NCC).

Firstly, Figure 3.6 presents the historical trends in market share of UK touring caravan manufacturers based on the figures presented in Figure 3.4 and verified by discussions with interview participants. It indicates that there were six principal manufacturing companies in the sector at the start of the research period in 2007. This had declined to five by 2014. The two manufacturing companies that participated in the main research study were the two leading players which represented a market share of 71% in 2007 and 63% in 2014.



**Figure 3.6:** Comparison of UK Market share amongst UK touring manufacturers in 2007 and 2014 (developed from historical and current industry data gathered during interviews with NCC and Manufacturer A)

### 3.5 Industry Supply Chain Findings

Interview participants described the industry as ‘*close knit*’, characterised as benefitting from high levels of trust amongst industry members. This trust was perceived by participants as leading to vast industry knowledge and experience being accumulated and shared across the UK industry supply chain. Some participants felt this was a major factor in creating some resilience within the industry (Finished Goods Manufacturer A, Retailer A, and Industry Member A). Many supply chain managers had experienced previous economic downturns and were able to reflect back and learn from these difficult trading periods. However, some participants felt close working within the industry also presented barriers for new entrants to the market.

Several key challenges were identified during the interviews. UK touring caravan manufacturers found difficulty in determining the strategic direction during a period which was characterised by all participants as ‘*extremely uncertain*’ and ‘*turbulent*’. This confirmed the findings of studies examining other industries.

*“The business environment today is full of turbulence and uncertainties: this, along with the fierce global competition, means that manufacturers are all struggling to survive”*

(Ho *et al.* 2010, p.1319)

The downward demand trend identified for UK touring caravan manufacturing further confirmed the argument made by Hullsmann *et al.* (2008), that hyper-turbulence and hyper-competition affected both the individual business and firms within the supply chain. Government reports between 2008 and 2010 emphasised the negative ripple effect on the supply chain with large numbers of smaller suppliers being affected (Mellows-Facer, 2010). Based on the findings of the interviews, similar challenges were being echoed within the UK touring caravan industry during 2008.

Eight further supply chain related issues were noted during the interviews with participants of the UK Touring Caravan Manufacturing Industry in 2008:

**1) Contraction in the Supply Chain** – *In 2008, participants commented on the significant re-shaping of the supply chain structure for the industry. The industry supply chain was undergoing a radial shake up with new acquisitions but also many finished goods manufacturers and component suppliers had fallen into administration. This was described by interview participants as an unnerving period which affected the power and trust in many buyer-supplier relationships. Manufacturer A, Supplier A and Industry Member A all stressed the need for new entrants to the industry for sustaining and growing the market.*

**2) Balancing Supply and Demand** - In terms of implementing corporate strategy, the industry was struggling to stabilise the demand and supply market (Industry Member A; Industry Member C). However, from a supply chain strategy perspective, finished goods manufacturer strategy seemed to vary. The onset of the economic recession had left some finished goods manufactures with surplus inventory which was acknowledged by all interview participants as a potential major crisis for the industry (Industry Member C).

**3) Financial Uncertainty** – A reduction in domestic borrowing meant that customer demand for high ticket items such as caravans was severely weakened. The average selling price of a touring caravan was quoted by interview participants as ranging between £14,000 and £20,000. In addition, major problems existed with commercial borrowing, with banks placing a halt on all credit lines to dealer networks (retailers). This created a bottleneck of finished goods in the caravan supply chain. Reduction in domestic borrowing meant finished goods manufacturers were left with assembled touring caravans which had been pre-ordered by dealer networks. Closed commercial credit lines prevented new stock being passed through the supply chain.

**4) Increased Discounting Activity** - This bottleneck of finished caravans meant manufacturers were forced to collaborate with dealer networks in offering discounts which was perceived as an unavoidable strategy in the hope of stimulating demand (Retailer A, Industry Member C).

**5) Forced Rationalisation of Product Ranges** - During 2008, due to lowered customer demand levels and complexity in the aftermarket, finished goods manufacturers were undergoing substantial rationalisation of product ranges (Finished Goods Manufacturer A, Industry participant A).

**6) Switch of Power in the Supply Chain** – Retailer A and B raised concerns about the increased volume of warranty work required which suggested that quality control was weakening by finished goods manufacturers. This resulted in an increased burden on the retailer to carry out repairs and ordering of spare parts (Retailer A). There was some discussion during interviews surrounding power in the supply chain in trying to establish if there was an imbalance of power in the supply chain. The interviews with industry members suggested that the UK touring caravan industry was undergoing a cultural shift in behaviour, being driven by changing manufacturer strategy (Retailer A and Industry Member C).

In August 2007, a stock market investor, Discover Plc. with an executive board experienced in the automotive sector, acquired fifteen caravan dealer networks across the UK. This move re-shaped the structure and market share at the retail end of the supply chain with a total of approximately two hundred dealer networks selling new build touring caravans (Retailer A; Industry Member A). The retail conglomerate was largely unwelcomed by the industry supply chain with many industry members feeling threatened by the idea of introducing monopolies and power relationships which were perceived

by interview participants as traditionally uncharacteristic of this industry's supply chain (Manufacturer A; Industry Member C).

At a time when most of the industry was experiencing severely weakened demand for new manufactured caravans, this new retail conglomerate continued placing large order numbers for new caravans which triggered major concerns across the manufacturing supply chain (Manufacturer A, Industry Member C). The retail conglomerate folded into administration in 2009.

**7) Environmental Factors** – Manufacturer A estimated there were approximately two thousand components procured for each manufactured touring caravan, from marginally over two hundred suppliers. The greatest area of cost was believed to be timber which was sustainably sourced from Russia or China (Manufacturer A). Timber was problematic for two reasons: it was susceptible to price fluctuation and weight restrictions were soon being enforced for towing regulations set by European Parliament (Manufacturer A, Industry Member A). This prompted a need for new caravan designs and innovative materials.

**8) The Strategic Importance of Innovation** - Finally, by tradition, the UK touring caravan industry launched all new caravan models annually at a special trade event for the supplier and dealer networks. This meant that internal layout designs, external fabrications, features such as windows and doors, furniture and washroom facilities could alter annually, regardless of whether lowered customer demand was indicating decline of the previous caravan models. Supplier A termed this as “innovating for innovations sake”. These annual innovations added significant cost and complexity in the aftermarket. During interviews, Retailer A highlighted the problem of obsolescence for spare parts, a problem which extended to the tooling necessary for manufacturing the spare parts. This regularly created challenges in maintaining customer satisfaction in an industry which prided itself on being customer focused.

Following this study, six case companies were selected for the main research. These included two manufacturers: Manufacturer A and Manufacturer B, two retailers: Retailer A and Retailer B and two suppliers: Supplier A and Supplier B. The two manufacturers were selected for the main study as collectively, the organisations represented over 60% of market share in the UK touring caravan manufacturing industry. The retailers and suppliers were all selected for the main study as large conglomerates offering a fair representation of the supply chain challenges being faced in their respective echelons. All six companies trade with each other in the supply chain network.

### **3.6 Six Case Companies for the Main Research**

A short introductory profile of the two manufacturing case companies are presented below utilising information taken from the respective corporate websites and marketing brochures.

**Manufacturer Case A** - Founded in 1964, this UK based manufacturer, at the outset of the research project, reported annual sales turnover as £190.5 million (2006/7) (Plimsoll Report, 2009). This manufacturer is the only UK based company which manufactures and assembles leisure vehicle products across all three sectors: touring caravans, motorhomes and static homes. The company is the market leader in the Touring Caravan Manufacturing industry and has been in this position for some time. It claims its focus is on product design, quality and value for money. Following the UK and global recession period (2008-2012), the manufacturer has reduced its product and brand portfolio to four brands (it had moved from a single brand to a multi-brand operation in 2004) with 58 model options. The brands are aimed at the middle to top end of the market. It was the first UK based manufacturer in this industry to invest in online marketing and information management systems. In 2013 the company launched SMART, an intelligent construction system: Strong, Modern, Aerodynamic, Resilient and Tested and later SMART HT with High Tech construction. Timber has been replaced in the caravan body shell with a tough polyurethane material. Output for this company has averaged 7,000-9,000 touring caravan units produced annually. The export market has grown to include eight countries worldwide.

**Manufacturer Case B** – In contrast, this UK based leading independent company just focusses on the assembly of touring caravans and motorhomes. Since 1948, approximately 165,000 leisure vehicles have been produced using a single production line. The company boasts one of the most advanced mechanised production lines in the UK which enables a maximum capacity of 270 leisure vehicles produced each day. The proportion ratio of touring caravan sales to motorhomes sales has reversed in the last three years. Since 2011, the company has focused its marketing in growing motorhomes sales through the export market. In 2014, approximately 4,000 touring caravan units were produced annually which is a drop from 7,000 units produced annually in 2009. In response to the competitive environment and reduced customer demand levels, this manufacturer has diversified its product portfolio. Three brands of touring caravans each offer a broad range of floor plans, features and product specifications. In total, 75 product specifications are offered to customers. All touring caravans are manufactured using a patented Alu-Tech construction system which provides thermal features enabling customers to use the product all year round in all weathers.

Besides these two manufacturers, two suppliers (Supplier A and Supplier B) and two retailers (Retailer A and Retailer B) participated in the main research study, principally acting to verify the findings from the manufacturers' case studies. The retailers and suppliers interviewed all dealt directly with both manufacturing case companies. All companies which participated in the main research (manufacturers, suppliers and retailers) represented a significant proportion of market share of their respective supply chain echelon.

**Retailer A** - Retailer A was a long established family owned retailer and a multi-operation employing approximately fifty personnel. The retail business offered new and used (secondhand) touring caravans, accessories and servicing for warranties and spare parts ordering. The fundamental principle of this business was to maintain its longheld reputation for high quality services at low prices for customers.

In 2009, the interview participant reported annual sales figures had indicated a downward spiral since 2006 but noted a slight upward trend in 2009. The last NEC caravan show (Feb, 2009) was considered one of the most successful shows in terms of sales for the previous three year period (2006 – 2009). This retailer relied heavily on “specials”; these were bespoke caravan designs manufactured solely for one retailer.

**Retailer B** - Retailer B was a newly formed retail conglomerate for new and used caravans, also supplying caravan accessories and a workshop for repairs and warranty work. Its Annual Report (2008) indicated that the retail group included 16 branches employing over 600 people across England and Wales. Many of the 600 people employed were well known in the caravan industry with a strong reputation for understanding the caravan market. What was perhaps more significant about this case company was that the senior management team was brought in from other industry sectors such as automotive and retail. Interviews were held with one Director and one Senior Manager.

**Supplier A** - Interviews were held in March 2009 and October, 2009. Supplier A was a privately owned business and specialist in supplying caravan spares, accessories and leisure equipment for the camping and caravanning market. Supplier A depended heavily on caravan sales (90%) supplying parts such as windows to caravan customers directly and accessories to retailers supporting the aftermarket with warranties and repairs.

**Supplier B** – Interviews were held in March 2009 and October, 2010. Supplier B was founded in 1960 as a European, tier 1 supplier of cooking appliances, refrigerators, mobile sanitary systems and toilet additives for the caravan, camping and boating industries. Supplier B held 100% market share for some products, but the interview participant stressed that 90% of Supplier B’s business was as a result of newly built caravan sales, supplying manufacturers. A small percentage of annual turnover was generated through retail sales. Retailer B had an industry reputation for expertise in lean manufacturing techniques. The company operated a training facility for these techniques in the University of Michigan.

### **3.7 Summary of the Background Study**

This chapter has provided an insight to the historical patterns in demand for touring caravans by UK manufacturers. Figure 3.4 has evidenced that whilst the demand for touring caravans in the UK market has dropped significantly since the boom period during the 1970s, fluctuation levels in production figures for touring caravans has eased since 2008. The background study has emphasised the importance

of growing this manufacturing sector which what was once considered as a '*cottage industry*', as it helps to protect and grow domestic tourism in the UK. This builds on the key findings from the five manufacturing reports featured in Chapter I that the purpose of protecting and growing manufacturing in the UK extends beyond the individual organisation out to other connected organisations in the wider supply chain.

Discussions during 2008 with industry representatives have revealed this is an indigenous manufacturing base and the members were facing numerous supply related challenges in 2008 including balancing supply and demand which has forced rationalisation of the product ranges offered by manufacturers, contraction in the supply market and the need to manage issues of power in the supply chain. It has also highlighted the product or process dilemma featured in Chapter I utilising the Hayes and Wheelwright framework whereby manufacturers were struggling to recognise the appropriate strategic orientation for steering the industry back into a growth phase. Importantly, this background study has re-emphasised the importance of managing the supply chain, both internally and externally with manufacturers, suppliers and retailers.

Finally, Chapter III has introduced six case companies [2 manufacturers, 2 suppliers, 2 retailers] which will be utilised for the main research. These short profiles are in preparation for the research methods and philosophy to be explained in Chapter IV.

**CHAPTER IV – RESEARCH  
PHILOSOPHY & DESIGN**

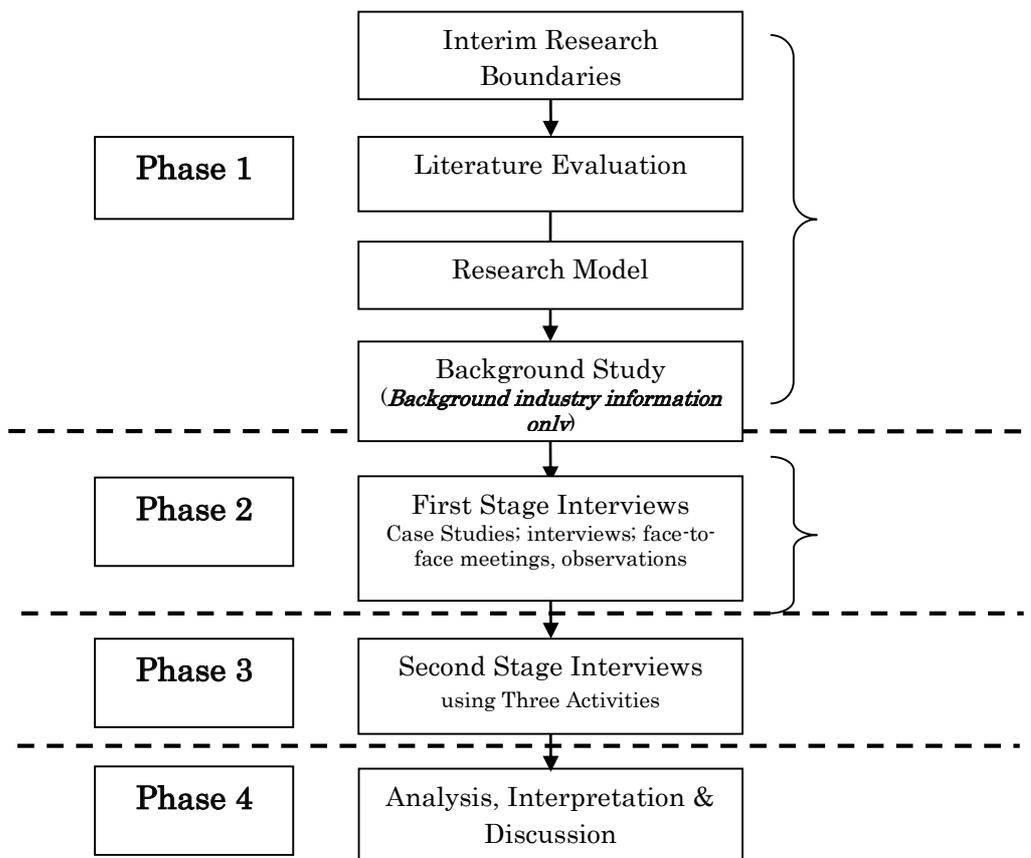
Chapter I Introduction	Chapter II Literature Review	Chapter III Background Study of the Industry	Chapter IV Research Philosophy & Design	Chapter V Case Study Findings	Chapter VI Analysis, Interpretation & Discussion	Chapter VII Conclusions
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## 4. INTRODUCTION

Whilst the research design was introduced and outlined in Chapter I, the research strategy, data collection tools and the assisted data analysis tool selected for a mixed methods approach will be explained in Chapter IV. Important sources of reference are taken from key authors such as Mason (2007), Saunders *et al.* (2007), Bryman and Bell (2007), Bryman (2008), Bryman (2012) and Silverman (2013).

### 4.1 Four-phased Research Approach

The research approach for this study is structured into four phases as indicated in Figure 4.1.



**Figure 4.1:** Structured Approach for Presenting the Research Findings (adapted from Ho *et al.* 2010)

- **Phase 1** SCM, SCO and strategic orientation studies were examined
- **Phase 2** the conclusions from the literature review led to a research model presented in Chapter II. Chapter IV presents the main findings from case studies
- **Phase 3** presents the second stage of interviews
- **Phase 4** presents the analysis, interpretation and discussion of findings

The research philosophy and design which frames and directs each of these four phases is now discussed:

## **4.2 Research Boundaries**

The context of the UK business environment from 2007 onwards and its effect on UK manufacturing was examined in Chapter I through academic studies plus five manufacturing reports: Pricewaterhouse Coopers (PwC, 2009); Business Information Systems (BIS, 2009); Internal Manufacturing Strategy Survey (IMSS, 2009); Mellows-Facer (2010); Royal Association of Engineers (RAE, 2012). The findings from these reports led to the key concepts being proposed for examination in Chapter II: **SCM, SCO, strategic orientation and cross-functional coordination.**

## **4.3 Phase One: Literature Review**

The management papers utilised for the search dated back to 1900, although most were published from the 1960s onwards. When researching philosophy it was necessary to search back as far as 1870 to find the earliest definitions and their scientific origins. A systematic research approach enabled the researcher to develop a more informed basis for examining the key concepts of Supply Chain Management (SCM), Supply Chain Orientation (SCO), Strategic Orientation and Cross-functional Coordination.

Establishing clear definitions and explanations for the strategic orientation concept required an interdisciplinary approach. Hence, a cross-examination of the existing literature across contrasting management research disciplines was required. These management disciplines were initially taken from the UK ABS<sup>39</sup> list of academic journals, ranked by quality. The management research discipline titles utilised included: marketing, general management, entrepreneurship and business management, logistics and operations management, international business and area studies, organisations, innovation, business history and strategic management. The detailed findings of these individual searches are presented in Chapter II when examining strategic orientation.

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<sup>39</sup> The Association of Business Schools produces a bi-annual list of quality ranked academic journals

In all literature searches for the review, Google Scholar was the initial source for researching published articles. The search tools for Google Scholar enabled customised searches such as within specific time periods. This helped in understanding historical publishing trends. Due to biases with Google Scholar such as duplication of entries and only revealing the first 1,000 articles, alternative electronic databases such as EBSCOHost, ABI Inform, Emerald and Metalib were employed to verify the search lists.

The literature review presented in Chapter II was aimed at providing a solid basis for designing the three research questions introduced in Chapter I. The full derivation for each research question was explained in Chapter II (Bryman and Bell, 2007). In preparation for the literature review, various literature search tools were explored and these are presented in Table 4.1. The table evaluates the benefits and limitations identified when using specific search tools used for this literature review. Saunders *et al.* (2007, p.86) emphasised the importance of a pilot study for testing the “*face validity*” of empirical data and a similar process was found relevant for the literature review. Designing a systematic approach to search the literature was observed as critical in ensuring the search results were accurate and relevant for the study.

SEARCH TOOL	PURPOSE	BENEFITS	LIMITATIONS
Google web search	List any article using a specific term	Easy access; User friendly	Too broad for credibility and quality; prefers non- academic material
Google Scholar Database	List scholarly articles using a specific term; Citation search	Easy access; user friendly; ranks in order of significance; provides links to identify historical sets of citations; simple filters such as by year	Search is by text basis, too wide; difficult to rank by relevance or date; Only lists first 1,000 documents
ISI Web of science Database	Citation search	Ability to tailor search by years, publication types, search terms; When repeated, is reliable	Not as user friendly as Scholar; Takes time to filter the information required
Scopus Database	Citation search	User friendly; Provides a focused and reliable set of results	Unable to trace citations beyond 1994, therefore unsuitable in this study
ABI inform Proquest Database	Publication search (by year)	User friendly; easy access for abstracts, papers, etc	Is not able to facilitate a citation search
Emerald database	Comprehensive database of publications, books, case studies, bibliographic databases.	Extensive database; results can be listed by newest or oldest	Complex database to use; no tool to filter the search results other than by year
EBSCO Host	Publication search by journal or year	Easy to search by field, e.g. AU Author, TX All Text, etc; broad access to early studies (1900 onwards) as well as current publications; can search within the search	Date sorting is by year or relevance. I.e. it is not possible to narrow the search by month, day.
Metalib	Search across several databases in one search	User friendly; the one click process enables greater access to large volumes of relevant publications	Limited to the databases set by Metalib

**Table 4.1:** The benefits and limitations identified when using specific search tools for the literature review (Search findings developed by the author)

Google Scholar was identified as one of the simplest research tools due to the filtering process available using citations and date narrowing options. Three key observations were noted when searching existing studies for this review:

1. **Firstly**, the importance of using the correct keyword such as, “*supply chain management*”. Google and Google Scholar presented a list of results based on content analysis. This meant that not every publication was relevant for the review. Throughout the research process it was necessary to reconsider the search terms originally used as new ones became evident (Bryman and Bell, 2007). This was a critical point when searching across different ABS<sup>40</sup> listed management disciplines. For example, when searching through the supply chain literature studies for examining the coordination across business functions, terms such as “*internal integration*” were utilised (Mentzer *et al.* 2001), but in the management literature “*cross-functional coordination*” was found to be a more familiar concept (Ainamo, 2011). In contrast, the operations and logistics authors seemed to favour “*cross-functional management*” as a common source of reference (Bowen *et al.* 2001; Storey *et al.* 2006). These examples demonstrate the ambiguity in the application of some key terms which made it challenging to ensure that all existing relevant studies were identified for exploration.
2. **Secondly**, full access to the articles was dependent on the university resources available. Alternative electronic search tools such as Metalib, individual databases such as EBSCO Host and e-journals enabled the researcher to narrow the searches to abstracts. This ensured a greater likelihood of relevance from the search results. Hart (2006, p.1) emphasised the importance of deciding on “*the appropriate breadth and depth, rigour and consistency, clarity and brevity, and effective analysis and synthesis*”. Whilst some of the definitions for philosophy, culture dated back to pre-1900, and many of the milestone developments in management thinking occurred in the 1950s and 1960s, most of the sources utilised are from 1990 onwards. The literature review presented provided a balance of founding studies with contemporary views (2010 onwards) on key themes such as SCM, SCO, strategic orientation and cross-functional coordination.
3. **Thirdly**, citations have long been debated as reliable measures of quality (Moravecsik and Murugesan, 1975) but this approach was found useful for narrowing down extensive research results to identify the most influential authors in each research field. This was found relevant when searching concepts such as SCM and strategic orientation. Studying citations also helped in identifying the founding studies for each concept under examination.

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<sup>40</sup> ABS - Association of Business Schools

The literature review presented in Chapter II concluded that SCO research was mainly conceptual and lacking empirical evidence. This was found to be especially relevant in understanding the UK manufacturing context; only nine studies were identified examining SCO in the UK manufacturing context as featured in Chapter II. This leaves scope for new research but it is first important to understand what is meant by theory.

The concept of theory in research dates back to the sixteenth and seventeenth centuries creating what has been termed a scientific revolution by Stewart *et al.* (2011). Despite its extensive historical foundations, the concept of theory has rarely been defined in the literature of any research discipline. Rather, academics seemed to cover “*a basic understanding of what theory is*” (Wacker, 2008, p.5) with practitioners accepting existing “*gestalts*” for their own research disciplines (Gorelick, 2011, p.1). Practitioners have often criticised authors’ reference to theory as being too “*cryptic, enigmatic, impenetrable and unfathomable*” (Fawcett and Waller, 2011). In addressing this gap in the literature, authors such as Stewart *et al.* (2011) and Gorelick (2011) argued that “*Modern science*” should distinguish between hypothetical situations by establishing what was happening in practice: understanding “*what is theory?*”

Stewart *et al.* (2011) argued that the concept of theory “*refers to investigating the world according to a set of rules and principles*” (ibid. p.223) 1) Theory is an explanation of how and why something happened 2) Theory is intentional: the same theory may not apply in every situation 3) The phenomena exist which are quite separate and independent of theory.

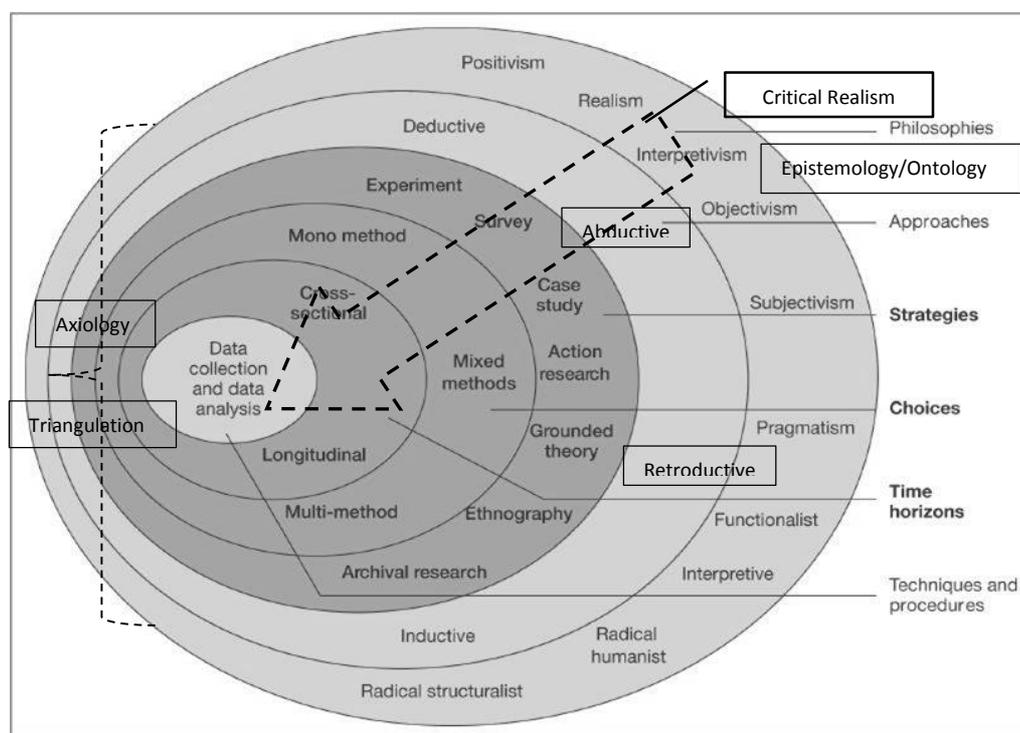
Whilst many theories exist in the literature, distinguishing ‘good’ theory requires a full explanation of the conceptual relationships used for empirical testing (Wacker, 2008, p.7). References, data, lists of variables, diagrams and predictions may be used for theory building, but they do not constitute the concept of theory itself (Stewart *et al.*, 2011, p.222). Wacker (2008) stressed that the more unlikely the prediction of the theory was, the better the theory would be for testing against empirical data. Weaker theories led to weak conclusions (ibid.). However, ‘good’ theory advances scientific knowledge for authors and practitioners, further informing the management profession as a whole (Carter, 2011).

Understanding that clear conceptual definitions lead to ‘good’ theory is perhaps the reason why SCM has been criticised for borrowing theories from other disciplines such as economics and psychology (Carter, 2011). This clarity in understanding the purpose of theory in research could also help to explain why the emphasis on systems theory for SCM research has mostly been applied in quantitative research addressing the ‘what’ type of question through hypothesis testing. There has been less emphasis on understanding the explanatory ‘why’ and ‘how’ research questions, where qualitative empirical research becomes more relevant. There seems to be a caution or a nervousness amongst authors in developing

new theory for SCM, a point which was recognised by Fawcett and Waller (2011) who argued that authors were unlikely to generate new theory but recommended that instead, they should develop existing theories or uncover new conceptual relationships or reasons for explaining the *why* questions. Fawcett and Waller emphasised that theoretical insights which were both influential for managers and other researchers and provided an interesting perspective should lead to stronger theoretical contributions and fully support the claims being made by the researcher: “*We must pursue research that accurately and confidently describes the world around us*”, yet, ensure it “*sets the stage for further enquiry*” (ibid., p.5).

#### 4.4 Research Philosophy

Saunders *et al.* (2007, p. 102) proposed a “*research onion*” approach which has been a useful tool in this research for planning and explaining how the philosophical approach may be mapped out as a pathway for data collection and data analysis. Figure 4.3 highlights the contrasting research philosophies which determine the corresponding pathway options for selecting the research strategy and research methods. Whilst this model was identified as one of the most comprehensive philosophical tool kits offered by authors, limitations were found. For example, the model mentions inductive and deductive as polar opposite views but misses abductive and retroductive approaches.



**Figure 4.2:** Research Onion as a Philosophical Toolkit with Selected Pathway for This Research (Developed from Saunders *et al.* 2007, p. 102).

The abductive approach is selected for this research so it has been added to the figure. In terms of research philosophy, the model features realism and interpretivism but omits the critical realist option which is selected for this research; so again, this has been added to Figure 4.3. In addition, axiology or research ethics has been added along with epistemology and ontology. The figure indicates the research pathway selected for this research. The figure shows that the critical realist ontology leads to an abductive, mixed methods case study design utilising semi-structured interviews; these are further triangulated with questionnaires and other activities adapted from Chapter II. These are detailed later in this chapter.

Benton and Craib, (2001, p. 1) referred to philosophy as the “*foundations for the research*”, a view endorsed by Saunders *et al.* (2007) who emphasised that the research philosophy represented some important assumptions about the way in which the researcher viewed the world. However, all authors stressed that the process chosen for challenging these assumptions should be based on the practical considerations of conducting the research for developing existing knowledge.

Spencer (2000) was one of many authors who acknowledged that the philosophical terms, ontology and epistemology were frequently referred to in the wrong context. The problem, he argued, lay in distinguishing the study of being (ontology) from the study of knowing (epistemology). The researcher’s philosophical tool kit includes axiology, epistemology and ontology and. Each approach is now explained. The next section reflects on three aspects of research philosophy, axiology, epistemology and ontology to indicate how this research’s philosophical stance has been thought through.

#### **4.4.1 Axiology**

Axiology refers to the importance of reflecting on values and ethical issues (Benton and Craib, 2001; Saunders *et al.* 2007). Research ethics are considered later in this chapter; however, when embarking on new research it is important to remember that personal values will affect the research outcomes (Saunders *et al.* 2007). Ethics and values were relevant due to the timing of this research. In 2008, at the start of the research journey, the UK was experiencing an economic crisis affecting the UK economy and especially UK manufacturing. The difficult and prolonged economic situation, from 2008 onwards, presented challenges in designing the research and deciding on the most appropriate options for data collection. High levels of sensitivity were required when questioning industry participants when researching the UK touring caravan manufacturing industry which had already become a condensed market. At the time of interviewing (2009-2011) only six finished goods manufacturers remained trading in the UK touring caravan manufacturing industry. This meant that a large scale survey, which was the original intended tool for the research, would be difficult to

administer, manage and verify for a doctoral thesis. Instead, case studies presented a better option, allowing a deeper, more probing investigation through participant observations and interviewing.

#### **4.4.2 Epistemology**

Wallace and Wray (2007, p.4) emphasised, that rather than questioning “*a matter of truth*”, an academic critical review should question the viewpoints, interpretation and significance of the concepts used by authors.

In understanding the existing SCO and SCM knowledge base, research from authors such as Mentzer *et al.* (2001), Min and Mentzer (2004), Mello and Stank (2005) and Min *et al.* (2007) were reviewed. This confirmed that a consensus had been developed around the fact that there is a relationship between SCO and SCM, though there were few studies which included empirical evidence from the manufacturing context to support new developments in SCM and SCO theory. Esper *et al.* (2010) had conceptualised SCO into three pillars: strategy, structure and behaviours but less is known about the sub components of each of these in the SCO context. SCO is portrayed as a multiple construct (*ibid.*) but exactly how the constructs are made up and the specific behaviours required which support SCO is less clear.

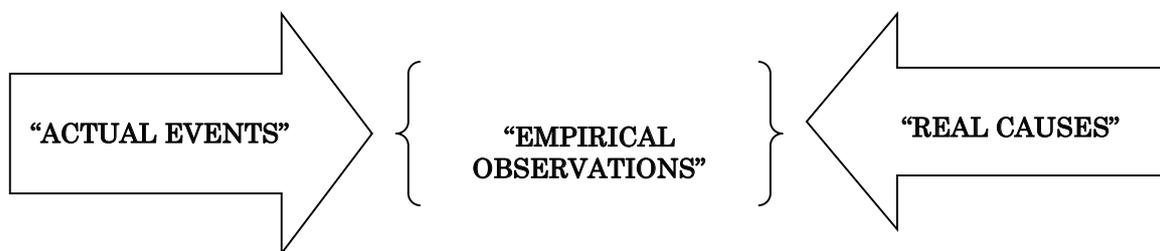
Saunders *et al.* (2007, p.102) defined epistemology as examining the facts and objects as “*what constitutes acceptable knowledge in a field of study*”. “*Epistemology tries to understand what it means to know*”, whereas, “*ontology embodies understanding what is*” (Gray, 2014, p. 19). Therefore, the epistemological enquiry for this research project examined existing theories for supporting key concepts, SCM, SCO, strategic orientation and cross-functional coordination. In the supply chain context, authors have continued to debate the relevance of epistemological and ontological approaches which prompted an extensive literature review of supply chain ontology models by Grubic and Fan (2010). In their gap analysis, the authors accepted that an ontological philosophy in supply chain research was an important medium for problem solving, yet stressed that “*more theory building through empirical or field based research is required*” (*ibid.*, 2007, p. 783). The authors further invited more industry specific findings for theory building, an area which this research has been engaged in. This confirms the earlier point made that more empirical evidence is required.

#### **4.4.3 Ontological Position**

Ideally, the researcher should consider new research projects from the perspective of objective ontology; identifying “*what is reality*”, and subjective epistemology; justifying “*what can be accepted as real*” (Saunders *et al.* 2007, p.102).

As mentioned, the development in the number of studies examining SCO which focus on firm behaviour is limited. An additional research gap is evident in assessing the impact on SCO when the business environment can be termed as turbulent. These research gaps were also recognised by Esper *et al.* (2010). The true and necessary pre-conditions of SCO which are largely theoretically-based developments remain to be sufficiently explored in the existing literature. More significantly, solutions to any problems identified in the implementation of strategic orientation have not been adequately explained to support current day management decision making.

**Stratified Ontology** - A stratified ontology was argued by Sayer (1992) as aligning with a critical realist approach. Figure 4.3 highlights the dimensions of a critical realist perspective which assumes that the real, the actual, and the empirical observations allow for the explication of causal powers (Ackroyd & Fleetwood, 2000; 2004).



**Figure 4.3:** A Critical Realist Approach to a Stratified Ontology (adapted from Ackroyd and Fleetwood, 2000; 2004).

#### 4.4.4 Critical Realism

The foundations of critical realism were developed from studies by Bhaskar (1986) and Blaikie (1993). Critical realist studies seem to increase during the 1990s era and despite a broad range of research disciplines which utilise a critical realist perspective<sup>41</sup>, Easton (2010) still considers it to be a relatively new research orientation. During its early development, Andrew Sayer (1992) set out eight basic assumptions which remain useful for understanding a more in-depth appreciation of the critical realist perspective:

- 1) *The world exists independently of our knowledge of it;*
- 2) *Our knowledge of the world is fallible and theory laden. Concepts of truth and falsity fail to provide a coherent view of the relationship between knowledge and its object. Nevertheless knowledge is not immune to empirical check and its effectiveness in informing and explaining successful material practice is not mere accident;*

<sup>41</sup> Economics, sociology, criminology, geography, linguistics, religious studies, history, psychiatry, social work, ecology, environmental studies, law, information studies, interdisciplinary science studies and management studies – research disciplines examining critical realism identified by Easton (2010)

- 3) *Knowledge develops neither wholly continuously as the steady accumulation of facts within a stable conceptual framework, nor discontinuously through simultaneous and universal changes in concepts;*
- 4) *There is necessity in the world: objects – whether natural or social – necessarily have particular powers or ways of acting and particular susceptibilities;*
- 5) *The world is differentiated and stratified, consisting not only of events, but objects, including structures, which have powers and liabilities capable of generating events. These structures may be present even where, as in the social world and much of the natural world, they do not generate regular patterns of event;*
- 6) *Social phenomena such as actions, texts and institutions are concept dependent. We not only have to explain their material effects but to understand, read or interpret what they mean. Although they have to be interpreted by starting from the researchers own frames of meaning, by and large they exist regardless of researchers' interpretation of them;*
- 7) *Science or the production of any kind of knowledge is a social practice. For better or worse (not just worse) the conditions and social relations of the production of knowledge influence its content;*
- 8) *Social science must be critical of its object. In order to be able to explain and understand social phenomena we have to evaluate them critically.*

(Sayer's Eight Basic Assumptions, developed from Easton, 2010, p. 119-120)

In support of a stratified ontology, critical realism has been termed as “*an extension of realism*” combining elements of positivism and relativism (Robson, 2002, p. 29). As the “*Research Onion*” featured earlier in Figure 4.3 suggests, realism is one of ten contrasting research philosophies proposed by Saunders *et al.* (2007). Bryman (2008) noted that a complementary philosophy to realism is social constructionism. Both critical realism and social constructionism focus on reality, accepting that the reality process is ongoing and in a state of continual flux (*ibid.*). As a critical realist researcher one is expected to gain a deeper understanding of social structures that exist (Bhaskar, 1978; Benton and Craib, 2001); this is whilst embracing the challenges of complexity and accepting that change is certain (Stacey, 2003). Critical realism has continued to be criticised as an under developed approach for ontological, epistemological and axiological approaches which prompts the need for further research. Critical realism has been described as “*a way forward*” by motivating the researcher to look beyond the realms of reality (Easton, 2010, p. 119).

*“Critical realists argue that in the real world there are entities, such as organisations, which have powers to act and are liable to be acted upon by others. These entities can also have internal structures, such as departments and individuals which in their turn, have their own powers”*

(Easton, 2010, p.128)

As case study research has been criticised for lacking philosophical validation, Easton (2010) proposed that a critical realist approach was a well suited approach.

A critical realist approach requires the researcher to investigate a research phenomenon as a research question and further probe as to what causes the situation to happen (Easton, 2010); hence the need for *how* type questions proposed in this study. By considering the distinctions and definitions offered by Sayer (1992), Robson (2002), Saunders *et al.* (2007), Bryman (2008) and Easton (2010), utilising the “*research onion*” model proposed by Saunders *et al.*, a critical realist philosophy is a clear choice for this research.

Adopting a critical realist approach for this research encourages the researcher to look beyond the definitions of each concept and explore the *how* aspects of the questions. This requires the development of a deeper and more critical understanding of behavioural, contextual and environmental issues which may impact on SCO and SCM and associated decision making within the UK Touring Caravan Manufacturing Industry. Critical realists have argued there may be some realities which influence behaviours and that “*many entities exist independently of us and our investigation of them*” (Ackroyd and Fleetwood, 2000 p. 6). Grubic and Fan (2010, p.784) criticised that ontological models have previously focused too much on the organisation and structuring of human knowledge in supply chains, “*rather than understanding the reality of supply chains*”. They argued that supply chains “*are mistakenly taken as a unit of analysis*” and instead new research should focus on the product, service and information flows across organisations within a supply chain as a unit for analysis (ibid.).

Adopting the critical realist ontology forces the researcher to accept that situations are subject to change and therefore, observations of events with real causes are further endorsed by providing empirical understanding. A Google Scholar search<sup>42</sup> revealed there had been 222 published studies since 2009 mentioning critical realism with SCM yet none had actually linked critical realism with SCO. A further search was conducted in March 2015 showing no new results.

#### **4.5 Strategic Position**

Bryman and Bell (2007) noted that the research philosophy and approach selected by the researcher underpins the research strategy and creates the third layer of the research design (Saunders *et al.* 2007). The third layer is known as the strategic position or research approach (ibid.). The authors classified the research approach as supported by either deductive or inductive reasoning as polarised entities. However, Kovacs and Spens (2005) and Mason (2007) argued that when developing new theory, this

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<sup>42</sup> Search conducted: 31/08/13

required greater emphasis than the process of induction. Mason (2007) proposed three distinct research models for linking the philosophical positions in social science:

- **Deductive reasoning** - theory comes first, before empirical research and analysis. Data is tested against clear hypotheses proposed at the start of the research.
- **Inductive reasoning** - theory comes last, with data analysis and theoretical sampling used to drive the explanations which fit.
- **Abductive research** - theory, data collection and data analysis are managed simultaneously to develop theory.

Whilst similarities exist between the three approaches, as suggested by Mason (2007), there are distinct characteristics for each one as follows:

The **deductive approach** tests existing theory on real life observations and requires a positivist philosophy and quantitative research methods for theory testing (Dooley, 2009). Empirical studies and mathematical models can build and test theory using an inductive or deductive research approach (ibid.). To demonstrate this, Dooley classified operations and supply chain studies as a dichotomy, falling into either modelling or empiricism. However, mathematical models have been criticised by empiricists as far too removed from reality and therefore weaken theory development. Dooley (2009) argued that empiricism and modelling should not be different; such debates continue. The deductive, positivist approach was dismissed for this study as it is less probing with limitations as far as understanding root causes of problems.

In contrast, a subjective **inductive approach** requires a qualitative method for testing the research hypotheses being created (Danermark *et al.* 2001). This approach supports the interpretive or critical realist view and is better suited to the grounded theory approach (Mason, 2007). However, Kelle, (1995) stressed it is impossible to work from a blank canvas and therefore a third approach becomes relevant for investigation: the process of abduction. Chapter I highlighted five influential UK manufacturing reports which revealed issues with understanding how protecting UK manufacturing could add tremendous value to the wider manufacturing supply chain. This key finding led to the early introduction of key concepts for examination in this thesis. For this reason, the inductive approach was dismissed in favour of an abductive approach.

The **abductive approach** established by Blaikie (2000) was founded on a similar method to inductive research relying primarily upon existing prior knowledge and theory testing. However, as highlighted in Figure 4.4 an abductive approach requires an iterative process relying on repeated empirical observations to ensure the resulting framework is well supported. Mason (2007) argued that pure forms of each process are unlikely. The author acknowledged a fourth option: a **retroductive approach** which characteristically falls between a deductive and inductive research approach. Retroductive based

studies examining the supply chain are rare<sup>43</sup> but a few studies were identified. Peck (1998) applied case studies for developing a framework of relationship marketing, Holweg and Miem (2003) investigated the three-day car production challenge, Meehan and Wright (2011) examined the origins of power in buyer-supplier relationships and a published thesis by Achimugu (2007), examined manufacturers’ strategic response to manage fragmented networks. This approach seemed an indecisive and under developed method not suited for the case study design being employed. Hence, it was not selected for this research.

The lack of a clear consensus on appropriate research approaches to support theory development in supply chain research was recognised by Kovacs and Spens (2005). The authors examined inductive, deductive and abductive research approaches and the search findings which support this can be seen in Appendix 7. All three approaches have been adopted in existing supply chain research yet the abductive approach is less developed, hence, Kovacs and Spens invited future researchers to consider an abductive approach in support of theory development in supply chain studies. In gaining a better understanding of exactly how the abductive approach had been applied in SCM research, Table 4.2 highlights findings for the number of published papers examining both SCM and abductive research philosophy since 2005. To further justify the use of the abductive approach, two database searches using Google Scholar and Metalib<sup>44</sup> found that only a few authors had addressed the research gap identified by Kovacs and Spens (2005) between 2005 and 2012<sup>45</sup>. The two databases were used for improving the reliability of the results. There were only 74 documents found using the Metalib database search and 132 documents using Google Scholar. The search revealed that amongst the supply chain studies noted in Table 4.2, once the results were filtered, the terms inductive, deductive and abductive were usually only briefly mentioned rather than explained and applied in detail as an approach being adopted.

SEARCH ENGINE	“inductive approach” AND “supply chain management”	“deductive approach” AND “supply chain management”	“abductive approach” AND “supply chain management”
Google Scholar <sup>46</sup>	“About 365” articles with both of these terms anywhere in the text	“About 268” with both of these terms anywhere in the text	“About 132” with both of these terms anywhere in the text
Metalib	80 documents (Published between 2007 and March 2012)	28 documents (Published between 2007 and March 2012)	74 documents (Published between 2007 and March 2012)

**Table 4.2:** Number of SCM studies discussing the research philosophy (2005 - 2012).

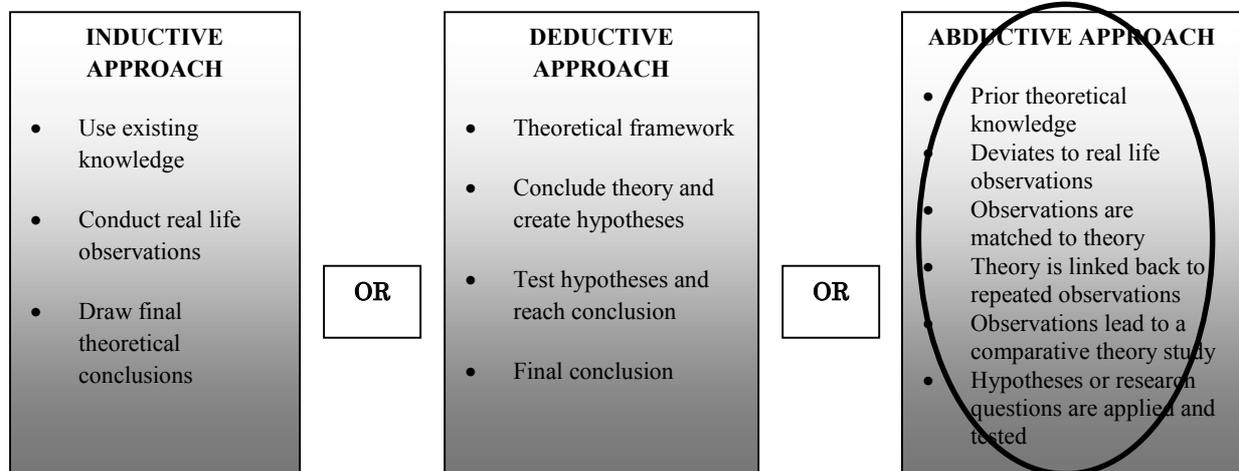
<sup>43</sup> Search conducted 06/02/12 using Google Scholar with terms, “retroductive approach” AND “supply chain management”

<sup>44</sup> Metalib searches multiple electronic sources: ABI/ Inform/ Business Source Premier (EBCSO)/ Econlit (EBSCO)/ Ingenta Connect/ JSTOR Arts & Sciences/ NBER Working Papers/ ScienceDirect/ SCOPUS/ Web of Science

<sup>45</sup> Search conducted 06/02/12 using Google Scholar – terms in the searches include “inductive approach” AND “supply chain management” “deductive approach” AND “supply chain management” “abductive approach” AND “supply chain management”

<sup>46</sup> Searches conducted using Google Scholar but limiting the search to Business Management -start of 2005 to the search date: 07/02/12

On closer reflection of these search findings, it was found that authors may have mentioned these approaches but not necessarily applied or explained the philosophical term. Figure 4.4 summarises the deductive, inductive and abductive research approaches, the latter of which is circled and selected for this research.



**Figure 4.4:** Three Approaches to Research (Developed from Kovacs and Spens, 2005; Mason, 2007)

Only one study was identified by Randall and Mello (2012) where the authors adopted a grounded theory and inductive approach for researching supply chain related issues. In contributing to addressing this gap, an abductive approach was selected for this study. Its planned application is presented in Table 4.3:

STAGES OF THE ABDUCTIVE APPROACH	PLANNED APPLICATION TO THIS RESEARCH
<b>Prior theoretical knowledge deviates to real life observations</b>	Chapter I – Preliminary literature study was matched with five manufacturing reports to reveal key concepts for examination. A short background study examined the supply chain related challenges facing the UK touring caravan manufacturing industry. The findings from the manufacturing reports and preliminary review of literature provided the basis for the study and research questions.
<b>Observations are matched to theory</b>	
<b>Theory is linked back to repeated observations</b>	Chapter II provided a Literature Review which lead to three research questions and a research model being formulated. Chapter V presents the findings of case examples which are mapped to the research model. Further data is collected to test the variables in the model. The case studies are compared and linked back to the research model and three research questions and presented in Chapter VI.
<b>Observations lead to a comparative theory study</b>	
<b>Hypotheses or research questions are applied and tested</b>	In Chapter VI and Chapter VII, the research questions are addressed utilising the analysis, interpretation and discussion of case study findings

**Table 4.3:** Planned Application of Abductive Theory for this Research

## 4.6 Qualitative or Quantitative Research Methods

Traditionally, authors have supported either a qualitative or quantitative method, not both (Saunders *et al.* 2007). The research design should be determined by the research philosophy (e.g. epistemology, ontology) (Bryman, 1984; Saunders *et al.* 2007), or the research topic (Creswell, 2009). Despite using these factors for guidance, it was still helpful to weigh up the arguments and debates which have been developed for each approach so that advantages and disadvantages could be compared for each one prior to arriving at a decision.

### 4.6.1 Qualitative Method

Traditionally, qualitative research has been supported by an inductive, theory building approach (Bryman, 2008). The typical qualitative process is outlined in Figure 4.5.

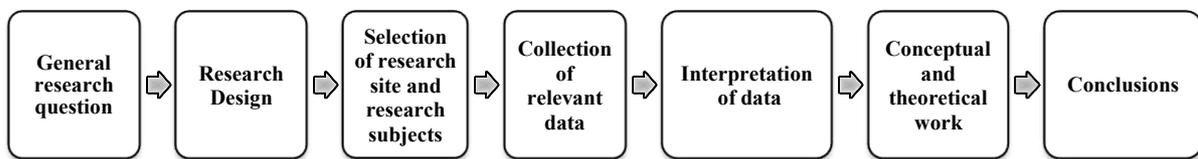


Figure 4.5: **The main steps taken in qualitative research (Developed from Bryman, 2008, p. 384).**

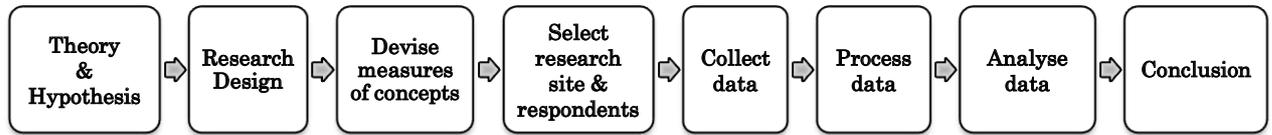
Kovacs and Spens (2005) recognised that qualitative or interpretive research in supply chain studies had historically been a less popular choice by authors. Instead Kovacs and Spens found that a quantitative approach using modelling techniques was most commonly used. Accepting Silverman's (2000, p.8) view that qualitative research was better able to provide the researcher with a "*deeper understanding of social phenomena*" using "*how*" and "*why*" questioning, this makes it a relevant choice for this research and especially for answering RQ1 (*How does the strategic orientation decision support supply chain management?*) and RQ2 (*How may supply chain orientation be applied as a strategic orientation?*). Silverman and Saunders *et al.* (2007) argued that complexity occurs when the individual constructs of individual employees, such as trust and power affect overall business behaviour patterns; hence qualitative approaches should be utilised.

This research examines the behavioural factors in SCM and SCO, so endorsing the views by the authors profiled in this section, a qualitative method can be defended as an appropriate for this research.

### 4.6.2 Quantitative Method

In contrast to qualitative research, the quantitative method lends itself to a deductive, theory testing approach. Kovacs and Spens (2005) acknowledged the quantitative method as a popular choice in

supply chain research. Quantitative research is best applied for testing a theory or hypotheses with numerical data (Bryman, 2008). The typical quantitative research process is exhibited in Figure 4.6.



**Figure 4.6:** The main steps taken in qualitative research (Developed from Bryman, 2008, p. 161).

However, Matthyessens (2007) stressed that over-reliance on quantitative methodology may lead to a relevance gap only suited to answering “*what*” questions, such a RQ3 in this research (*What is the role of strategic orientation?*). Quantitative methods are criticised as not providing scope for addressing the “*why*” and “*how*” questions, such as RQ1 and RQ2 (Saunders *et al.* 2007). However, as noted by Snijders and Voss (2007, p.169), “*Whatever the method, it needs to be well-defined, well-argued and well-executed*”. To aid decision making in this research, Table 4.4 summarises the arguments presented for both qualitative and quantitative approaches.

QUALITATIVE METHOD	QUANTITATIVE METHOD
Traditionally a inductive approach	Traditionally a deductive approach
Observed data is interpreted	Fact is measured
Emphasis on process	Emphasis on external value gains and making an impact
“...provides a deeper understanding of social phenomena” (Silverman, 2000)	Theory or hypotheses testing
Highly criticised in logistics, termed as “ <i>the soft underbelly of social science</i> ” (Gherardi and Turner, 1987, p. 82)	Termed as “ <i>courageous, hard biting, hard work</i> ” (Goulding, 2002, p. 11)
Emphasises the researcher, “ <i>the researcher is pre-eminently the research tool</i> ” (Goulding, 2002, p. 18).	Increases generalisability Emphasises the data
Generates new theories for facilitating theory building Creswell (2009), Glaser (2004), Saunders <i>et al.</i> (2007)	Used either to provide foundations for qualitative study or further strengthen qualitative study

**Table 4.4:** Qualitative and Quantitative Methods in Research (Developed from Bryman, 2008 and other Authors included in the table)

It was felt that a quantitative approach limited the researcher’s ability to probe deeply into understanding supply chain problems. In contrast, a purely qualitative method limited the opportunity to explore deeply into the root causes of supply chain problems. Accepting there are challenges and debates on using both methods, Mason (2007) emphasised that a qualitative method provided “*meat*

*on the bones*” (Bryman, 2006 in Clark and Cresswell, 2011, p.63); this inferred meat as qualitative data and the bones as quantitative data.

### 4.6.3 Mixed Methods

A mixed methods approach has become a popular choice of method amongst business authors since the 1990s era (Clark and Cresswell, 2011). However, it is important to note the view by Saunders *et al.* (2007) who proposed that combining qualitative and quantitative requires distinct skill sets from the researcher (Saunders *et al.* 2007). The fundamental principle of adopting a mixed methods approach is to collect different but complementary data for the same topic (*ibid.*). A mixed methods approach requires a greater level of introspection from the supply chain researcher (Dul and Hak, 2007). Accepting that criticisms exist, suggestions for ensuring greater success with this approach were offered by Clark and Cresswell, (2011, p. 5):

- *Collect and analyse both qualitative and quantitative data in a persuasive and rigorous manner*
- *Mix or link the two forms of data concurrently by combining them sequentially by having one build on the other, or embedding one with the other*
- *Give priority to one or both forms of data (in terms of what the research emphasises)*
- *Uses these procedures within philosophical worldviews and theoretical lenses*
- *combines procedures into specific research designs that direct the plan for conducting the study*

Mixed methods research has long been recognised as improving the validity and reliability of the data collected (Denzin, 1978; Danermark *et al.* 2002). Bryman, (2008) argued that careful amalgamation of both methods provides the researcher with a powerful set of tools for data collection; it was definitely not a case of being indecisive. In support of a mixed methods approach, Bryman (2008, p.108) and Clark and Cresswell (2011) put forward several arguments but the ones felt most appropriate for this study included:

- May ‘offset’ the weaknesses and draw on the strengths of each approach
- Provides an additional data source; the original may be insufficient
- Qualitative research can “*put meat on the bones*” of dry quantitative findings
- Provides a fuller picture of phenomena under examination
- Provides a deeper explanation of initial results
- Triangulation – the use of different methods and sources to check the “*convergence*” of findings
- Finally, it supports the development of a research framework

Bartezzaghi (2007) accepted the on-going debate for qualitative and quantitative methods, but stated that the focal point of research should not be about creating a bias towards one research method; instead the decision should be dependent on the research questions being asked. The research questions for this research ask a combination of *how* (RQ1, RQ2) and *what* (RQ3) type questions which indicates both qualitative and quantitative methods could be used.

In their special issue of *Journal of Purchasing and Supply Management* (Vol. 13, issue 3, 2007), Dul and Hak highlighted problems with unclear definitions and boundaries for each research method and invited authors to bring greater emphasis and clarity on justifying the chosen method. The mixed methods approach was once criticised as “*blurred genres*” representing uncertainty from the researcher (Denzin, 1978). Accepting all these arguments for both qualitative and quantitative approaches, the combined approach has increasingly been adopted by authors in the post-modern era. After weighing up the pros and cons for all methods, a mixed methods approach was the method adopted for this research.

A further reason for adopting this methodological stance is that the mixed methods approach has been argued as relevant for critical realist ontology, with authors, such as Ackroyd and Fleetwood (2000; 2004) noting that quantitative and qualitative approaches are complementary and valuable in the search for causal relationships.

To consider the extent to which mixed methods research has been adopted in SCO studies, a search was conducted using Google Scholar in 2011. Table 4.5 confirms that between 2000 and 2010 there were no published studies utilising a mixed methods approach for examining SCO.

TYPE OF RESEARCH	NUMBER OF STUDIES (2000-2010)	PERCENTAGE NUMBER OF STUDIES
Qualitative research method	32	26%
Quantitative research method	92	74%
Mixed methods research	0	0%
TOTAL	124	100%

**Table 4.5:** Dissemination of research methods used in SCO studies

During the writing up period for this study a further search was conducted using Google Scholar in November, 2014. Google Scholar revealed 21 studies including the terms “*supply chain orientation*” AND “*mixed methods*” yet still, not one of these studies specifically examined SCO, which provides additional justification for this fresh method of investigation.

## 4.7 Phase Two: Case-Based Research

As a researcher examining “*how*” and “*why*” questions means that reflexivity needs to be built in to the research strategy (Mason, 2007). This involves reflecting on some difficult questions, even though “*at the outset it can feel much easier to avoid these*” (Mason, 2007, p.13). RQ1 (*How does SCO support SCM?*) and RQ2 (*How may SCO be applied as a strategic orientation?*) are probing questions which require empirical evidence. Two alternative approaches to a case study, action research and grounded theory were examined before case studies were chosen for this research.

**Action Research** was a term originally coined by Lewin (1951) as meaning explanatory. Traditionally, this approach was considered as higher risk for the researcher. Authors such as Mason (2007) emphasised it should be undertaken lightly stressing the increased pressure placed on the researcher due to the extensive amount of data required. Action research necessitates a high level of participant involvement which in itself presents challenges to the researcher in persuading this level of cooperation (Saunders *et al.* 2007). This method was dismissed for three reasons:

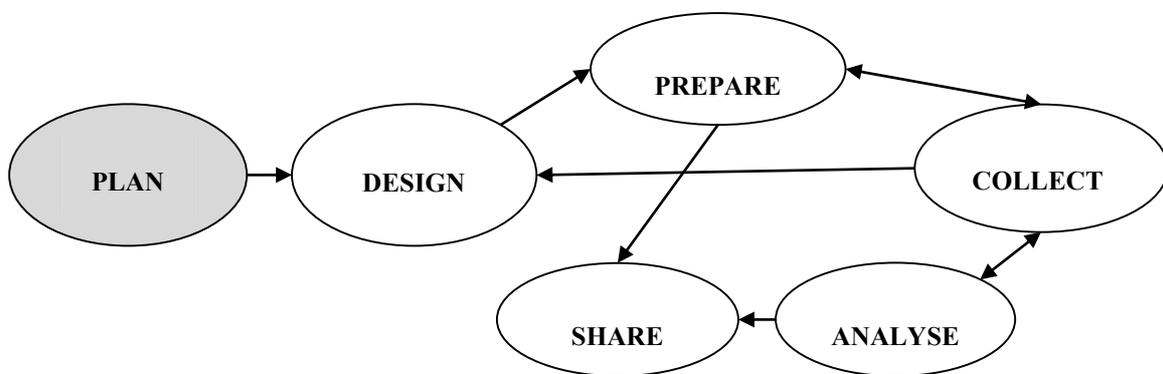
- **Firstly**, the location of manufacturers in the UK Touring Caravan Industry made this impractical. A four hundred mile round trip each visit would make this a costly method to use.
- **Secondly**, personal commitments could have presented problems in terms of long-term absences. This would add pressure in trying to produce high quality action research in shorter periods of time than necessary.
- **Thirdly**, the input required from the industry participants could have been difficult to manage. The data collection took place during a challenging economic period when manufacturers were forced to reduce the workforce by half. This limited resources for interviewing considerably.

**Grounded Theory** - aligns well with the process of abduction (Glaser and Strauss, 1999) and was thus carefully deliberated over as a possible method for this research project. Whilst Gergen & Cisneros-Puebla (2008) defended grounded theory as only a slight deviation from empiricism; the grounded theory approach is strongly debated signifying that the researcher should be prepared for any likely academic backlash or criticism. Even the founder, Glaser (2001) argued that sometimes grounded theory could be perceived as “*banal*” or “*off the wall*” and Goulding (2002) noted that grounded theory was “*risky*” After considering these arguments grounded theory was dismissed for this PhD research.

**Case Study Research** - Yin (1994; 2003; 2011; 2014) has become a major source of reference for researchers advocating the relevance of case studies. As indicated in Figure 4.7, Yin noted that the boundaries between the phenomena and research could often be difficult to distinguish. Therefore,

planning is essential, especially when using multiple case studies. Some of the debates bringing to the question the relevance of using case studies include:

- Robson (2002) stated that a case study method had historically been viewed as a soft option, but Yin (2003; 2014, p.3) provided a counterargument stating that the extent of the challenge for conducting good quality case study research should never be underestimated: “*Doing case study research remains one of the most challenging of all social science endeavours*”.
- Stuart *et al.* (2002, p.422) described case analysis as a ““*methodology for determining the preliminary stages of theory development*””. Whilst case studies have become a well-established research method, they are viewed by some authors as simply an approach to organise data (Saunders *et al.* 2007).



**Figure 4.7:** Case study research process (Yin, 2014, p. 2)

In reaching the final decision for this research, a summary description of action research, grounded theory and case studies is first provided in Table 4.6 which is then followed by the evaluation.

ACTION RESEARCH	GROUNDED THEORY	CASE STUDIES
<ul style="list-style-type: none"> <li>• Explanatory</li> <li>• Iterative and each result should form the basis of the next enquiry (Eden and Huxham, 1996)</li> <li>• Problem solving technique (Mason, 2007)</li> <li>• Contributes to practical issues and social science</li> <li>• Intended to foster change at the organisational level (Saunders <i>et al.</i> 2007)</li> </ul>	<ul style="list-style-type: none"> <li>• Explanatory</li> <li>• Two central features are the development of theory from data and an iterative approach (Bryman and Bell, 2004)</li> <li>• Data collection and analysis must work collectively together</li> <li>• Theory building technique</li> <li>• Reincarnation is a theory which derives from the data (Goulding, 2002)</li> <li>• Termed as both a methodology and a collection of methods</li> </ul>	<ul style="list-style-type: none"> <li>• Explanatory</li> <li>• Useful when there is little known or previously tested (Saunders <i>et al.</i> 2007)</li> <li>• Observations, events and interviews are with those directly involved (Yin, 2014)</li> <li>• Allows a richer understanding of the context of the research (Silverman, 2000)</li> <li>• Cases provide the foundations for the construction of explanatory theories and hypotheses (Yin, 1994)</li> <li>• Effective method for businesses undergoing radical change (Knights and Willmott, 1987)</li> </ul>

**Table 4.6:** Advantages of Three Possible Methodologies (adapted from various authors as listed in the table)

Yin (2014) proposed a set of principles which should be used when collecting sources of evidence. These principles have acted as a useful checklist for this research. The strengths, weaknesses and examples for this research are evaluated and included in Table 4.7.

<b>SOURCE OF EVIDENCE</b>	<b>STRENGTHS</b>	<b>WEAKNESSES</b>	<b>EXAMPLES OF EVIDENCE</b>
DOCUMENTATION	Stable and can be reviewed frequently Unobtrusive	May be deliberately withheld by the case company if it reveals the identity of the company Bias selectivity if the collection is incomplete Without discussion sometimes these documents are difficult to understand	Industry reports Glasses Guides for production information, trends and output patterns Information on industry structure and turnover of manufacturers MRPII order spreadsheets
ARCHIVAL RECORDS	Precise and usually quantitative Easy to use and interpret	Accessibility due to confidentiality reasons. Archived information may be subject to different environmental conditions which could render the evidence as irrelevant for this study.	Caravan Production trends since 1960
INTERVIEWS	Insightful allowing for explanations and personal views Can focus directly on the case study topics Face-to-face contact enables observation and deeper understanding of problems and challenges being faced.	Poorly articulated questions may lead to bias Inaccuracies due to poor recall methods It was found that unplanned conversations could lead to richer findings	56 face-to-face interviews with industry participants took place between 2008 and 2011. The interviews were mostly held at the business addresses. A further 4 in-depth interviews took place in December 2104 Semi-structured questionnaires were used to support all interviews
DIRECT OBSERVATION	Purposeful in that actions are covered in a timely manner Easier to understand the impact of challenges being faced Richer evidence	Time consuming and expensive in terms of human hours Difficult as a single researcher Participants may be experienced in disguising emotions when being interviewed Can be distracted by observing irrelevant information.	Face-to-face interviews allowed observations to be made Factory visits brought interview data to life seeing production and process challenges in real life
PARTICIPANT OBSERVATION	Insightful to understand personal behaviour	The researcher may unknowingly manipulate the events leading to some bias	Observations of participants response to questions, when sharing experiences or recalling a challenging situation
PHYSICAL ARTIFACTS	Insightful into the case company culture Insightful for technical operation	Selectivity and availability of these items Relevance of the items to the research	Brochures, leaflets, photographs and flip charts were collected

**Table 4.7:** Evaluation for six sources of evidence (developed from Yin, 2014, p. 106)

Yin (2014) proposed that multiple case studies were more popular and selecting two case studies was always better than selecting one. Whilst Yin described single case studies as vulnerable, it was important as a researcher to accept that repetition may occur when presenting the findings from multiple case company interviews (ibid.). Having multiple case studies provided a basis of comparison which made the analysis easier.

Two of the key issues identified for using multiple case studies were those of validity and generalisation (Thomas, 2004). However, there seemed to be little evidence in existing studies to suggest how case studies could impact validity (Babbie, 2008). Bryman and Bell (2004) noted that being overly concerned with validity and generalisability could affect the researcher's ability to maintain focus. Contradicting Babbie's view, Yin (2014) defined four classifications in research validity: construct validity, internal validity, external validity and reliability. These elements are discussed at the end of the chapter though Yin stressed that research validity would become more of an issue when applying multiple case studies. Whilst case research as a method should enable some flexibility in terms of gathering data, care needed to be taken over the measurements planned for the data (Yin, 2014).

A multiple case approach instead of a single case approach was decided upon for this research which provided a comparable basis for conceptual development and offered a more robust method.

#### **4.8 Sampling, Response rate and Non-Response Bias**

As outlined in Chapter I, the initial contact with industry members was through an introductory letter which was distributed at a caravan trade show in February 2008 and further introductions were made in February 2009 at the Annual National Caravan Show. The aim of the introductory letter was to initiate face-to-face introductions and an opportunity to outline the proposed research. It was anticipated that industry members would be cautious supporting the research and this was confirmed. Whilst some industry members were interested to know more about the project, there were several immediate rejections by industry members. This negative response might be explained for two reasons: firstly, the inexperience of the industry in participating in academic research which meant there was, perhaps, a lack of empathy in recognising the organisational benefits from participating in an academic study. Secondly, the research project was launched in autumn 2008 at a time when the industry was contracting, which was added to any sensitivity felt over passing on any data.

Initially, six case manufacturing companies expressed an interest in the research which was the total population of finished goods manufacturers in the UK at that time. In addition, two retailers and two suppliers offered support with the research. At the start of the main research period in 2009, two manufacturers, two suppliers and two retailers were selected for the research. The interviews were

conducted in two stages: 2009-2011 and 2014-2015. In total, as shown in Table 4.8 six case companies involved fifty interviews with took place with nineteen participants between 2009 and 2015.

CASE COMPANIES	NUMBER OF INDIVIDUAL PARTICIPANTS	INTERVIEW TIMES & PARTICIPANTS	MEETING PLACES
<b>MANUFACTURER A</b>	8	<b>MARCH 2009</b> – Managing Director / Operations Manager / Purchasing Manager / Purchasing Officer x 2 <b>JULY 2009</b> – Managing Director / Operations Manager / Purchasing Manager / Planning & Control Manager / Purchasing officer x 2 / 1 <sup>ST</sup> Marketing Manager <b>OCTOBER 2009</b> – Managing Director / Sales Manager <b>FEBRUARY 2010</b> – Managing Director / Commercial Director /Sales Manager <b>MARCH 2010</b> – Managing Director <b>OCTOBER 2010</b> – Managing Director / Commercial Director <b>DECEMBER 2014</b> – Commercial Director / Operations Manager / Purchasing Manager / 2 <sup>ND</sup> Marketing Manager	Site Visit / NEC Exhibition Centre/ Email/ Telephone
<b>MANUFACTURER B</b>	6	<b>FEBRUARY 2009</b> - Managing Director / Sales Manager <b>APRIL 2009</b> – Managing Director / Commercial -Ops Director <b>JULY 2009</b> – Commercial-Ops Director <b>OCTOBER 2009</b> – Sales Manager <b>APRIL 2010</b> – Commercial-Ops Director / Managing Director <b>JANUARY 2015</b> - Marketing Director / Procurement Director / Production Manager / Product Development Manager	Site Visit / NEC Exhibition Centre / Email
<b>SUPPLIER A (TIER 1)</b>	1	<b>MARCH 2009</b> - Managing Director <b>OCTOBER 2009</b> – Managing Director	Site Visit
<b>SUPPLIER B (TIER 1)</b>	1	<b>MARCH 2009</b> - Area Sales Manager <b>OCTOBER 2010</b> – Area Sales Manager	Site Visit
<b>RETAILER A</b>	2	<b>APRIL 2009</b> - Managing Director <b>OCTOBER 2009</b> – Managing Director <b>FEBRUARY 2010</b> – Managing Director / Purchasing Officer <b>OCTOBER 2010</b> – Managing Director <b>FEBRUARY 2012</b> – Managing Director	Site Visit/ NEC Exhibition/ Email
<b>RETAILER B</b>	1	<b>OCTOBER 2009</b> – Managing Director <b>FEBRUARY 2010</b> – Managing Director <b>OCTOBER 2010</b> – Managing Director <b>FEBRUARY 2011</b> - Managing Director	Site Visit/ Email / Telephone
<b>50 INTERVIEWS ACROSS 6 CASE COMPANIES WITH 19 PARTICIPANTS</b>			

**Table 4.8:** Interview Participants Selected for Interview (2009-2011 and 2014-2015)

The two manufacturing case companies selected for the research: Manufacturer A and Manufacturer B collectively represented a significant proportion, 60% of market share in the UK touring caravan manufacturing industry. The participation of these companies was also due to company size, maturity and industry experience; these organisations were more likely to have established representations from the three business functions under examination: purchasing, marketing and production. Contact details

for industry participants were taken from a list of sixty NCC members. The two suppliers listed on Table 4:8 Supplier A and Supplier B were tier one suppliers for Manufacturer A and Manufacturer B which enabled easier comparison of the perceived supply chain challenges being faced. In addition, the companies were selected based on company size and experience, meaning they were more likely to have formalised individual business functions, similar to that of manufacturers. The two retailers selected for interviewing: Retailer A and Retailer B were situated at a reasonable commuting distance to allow travelling and interviews in one day. Both were also of similar company size which made way for easier cross sector comparison

#### **4.9 Data Collection Techniques**

**Face-to-face interviews** were conducted through a range of semi-structured interviews with manufacturers, retailers and suppliers which lasted an average of two hours each, though the manufacturer interviews lasted up to seven hours each time. These face-to-face meetings provided an opportunity to discuss current issues both inside the organisation and in the industry supply chain. In addition, the site visits provided opportunity to access secondary data from industry reports. In agreement with Yin (2014), face-to-face interviews via site visits and at Annual Caravan Shows improved the reliability and construct validity of the information being shared, knowing that the participants interviewed were experienced in managing the issues being discussed on a day-to-day basis. Notes were taken during meetings and secondary documents kept and data from interviews was presented in report formats and emailed back to each participant following the visit for checking and confirmation of content.

The face-to-face interviews also enabled participant observations when responding to questions. There were also opportunities to oversee the manufacturing processes through invitations to walk around the production units. Both types of observations led to a deepened appreciation and insight of the challenges being faced by manufacturing managers during this time. Table 4.9 and Table 4.10 presents the questions used when interviewing participants from the case manufacturing companies and the other interview participants from retailers and suppliers.

## SEMI-STRUCTURED INTERVIEW QUESTIONS (MANUFACTURER)

**Introduction** - What are the current supply chain related issues for the UK Touring Caravan Industry? Does this differ to those of your organisation?

**Changing Trends** - Do you envisage changing patterns of demand for caravans and if so, how will this impact the operations?

**Strategy** - How does your organisation achieve value? Which other industry business model/s do you reflect upon when designing the organisation strategy?

**Operations** - What are the key challenges facing the production teams in the current trading environment?

**Purchasing** - How has the role and importance of purchasing changed (if at all) during this difficult trading period?

**Marketing** - How important is marketing in remaining competitive within the UK touring caravan manufacturing industry? What are the key challenges of satisfying customer demand?

**Table 4.9:** Interview Questions for Manufacturer A & Manufacturer B

**Semi-structured Questionnaires** - Mason (2007) is one of many authors who acknowledged the ambiguity amongst authors in distinguishing between data sources and methods for data generation. Mason (2007) further stressed there is not one best approach; instead it is important to determine the best method or best way in which to collect the necessary information.

In order to structure the interview process, Yin (2014) recommended setting a protocol by using questionnaires as an instrument for gathering case study information across all participants. This, Yin claimed, ensured greater focus and reliability of data findings.

**Open Questions** - One of the challenges as a researcher was using open questions for the interviewing, such as “what are the current supply related challenges being faced by your team?” The responses to this type of question, whilst useful for opening discussions, often resulted in information which veered away from the research queries and responses that were irrelevant to meeting the research objectives. Therefore, a combination of open and semi-structured questions was used.

Silverman (2000, p. 63) warned of the dangers in using too many open questions as a “*kitchen sink approach*”, which would result in acquiring too much unrelated information. Instead, semi-structured questions worked more successfully. The case company participants were keen to showcase their business processes. Data gathered via face-to-face interviews was aimed to “*yield rich insights into people’s experiences, opinions, aspirations, attitudes, or feelings*” (May, 1997, p. 109). It was the interpretation of the data gathered that formed the research outcomes to enable theory building. Furthermore, by interviewing actors from within different areas in the industry supply chain, contrasting perceptions were noted.

The two finished goods manufacturers (Manufacturer A and Manufacturer B) formed the main research findings. However, utilising a critical realist approach, these insights were further corroborated by interviews from the three retailers and two suppliers. This ensured that there was a balanced perception gathered of what was really happening. Questions posed to these participants are tabled below in Table 4.10.

<b>SEMI-STRUCTURED INTERVIEW QUESTIONS (SUPPLIER/RETAILER)</b>
<b>Introduction</b> - What are the current supply chain related issues for the UK Touring Caravan Industry? Does this differ to those of your organisation?
<b>Changing Trends</b> - Do you envisage changing patterns of demand for caravans and if so, how will this impact the operations?
<b>Strategy</b> - How does your organisation achieve value?
<b>Operations</b> - What are the key challenges facing your operations teams in the current trading environment?
<b>Industry strength</b> – What is the main strength of the UK Touring Caravan Industry?
<b>Future of the industry</b> - How could the industry improve in ensuring customer demands are met and there is industry growth?

**Table 4.10:** Interview Questions for Supplier A, B and Retailer A, B

Table 4.11 further extracts the questions from Table 4.9 and Table 4.10 to align them with the three research questions. Chapter VI analyses how these research questions and interviews questions help to meet the research aims.

<b>RESEARCH QUESTIONS</b>	<b>MANUFACTURER, RETAILER &amp; SUPPLIER QUESTIONS COMBINED</b>
<b>RQ1: How does supply chain orientation support supply chain management?</b>	What are the current supply chain related issues for the UK touring caravan industry? Does this differ to those of your organisation? What are the key challenges facing the production teams in the current trading environment?
<b>RQ2: How may supply chain orientation be applied as a strategic orientation?</b>	Do you envisage changing patterns of demand for caravans and if so, how will this impact the operations? How has the role and importance of purchasing changed (if at all) during this difficult trading period? How could the industry improve in ensuring customer demands are met and there is industry growth? What is the main strength of the UK Touring Caravan Industry?
<b>RQ3: What is the role of strategic orientation?</b>	How does your organisation achieve value? Which other industry business model/s do you reflect upon when designing the organisation strategy? How important is marketing in remaining competitive within the UK touring caravan manufacturing industry? What are the key challenges of satisfying customer demand?

**Table 4.11:** Aligning the Research Questions with the Interview Questions

#### **4.10 Phase Three: Second Stage Interviews**

This chapter has shown that the main data collection period was between 2009 and 2011. However, following the viva voce in March 2014, once examiners recommendations were acted on, additional time was allowed for conducting a second round of interviews with Manufacturer A and Manufacturer B in December 2014 and January 2015. The timings of these interviews and the participants' roles have been included in Table 4.8. This fourth stage in the research approach was an opportunity to further validate the findings taken from 2009-2011 and the conceptual developments in the research model. In the summer of 2014, the business environment was reported as more stable and so asking manufacturers to reflect on past experiences and subsequent impact on strategic orientation development seemed a less daunting task than it was in 2008. There was a temptation to invite new manufacturing participants at this stage but it was decided that in order to improve the reliability and validity of the main data, the same case companies used previously should be approached and invited for further participation. The decision to revisit the field in December 2014 followed great consideration of its likely impact on the main research. Hence, the main aims of gathering this new information includes:

- Ensuring any new data collected would add to theoretical contributions and not create unwanted distractions from it;
- Further validate the case information collected between 2009 and 2011;
- Opportunity to test the variables in the research model, such as leadership, trust and communication which were derived from the supply chain literature and presented in Chapter II.

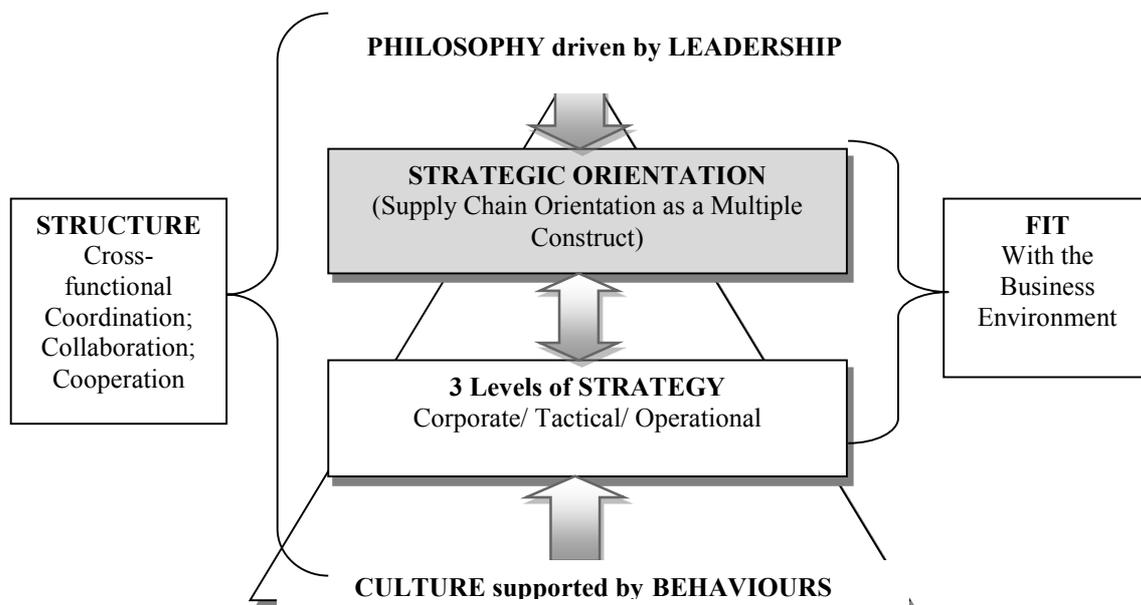
Three tools were adapted from the literature review to prompt discussions during these follow up discussions with Manufacturer A and Manufacturer B:

##### **ACTIVITY 1: The Strategic Orientation Pyramid**

The Strategic Orientation Pyramid was found to be a useful tool for opening up discussion by recalling the harsher business environment conditions facing both manufacturers between 2009 and 2011. Whilst the second stage interviews were intended as individual participant discussions, the discussions which took place for the Strategic Orientation Pyramid were shared between two participants: two rounds of interviews with Manufacturer A and one round of interviews with Manufacturer B (Manufacturer A – Marketing Manager and Commercial Director / Operations Manager and Purchasing Manager; Manufacturer B – Commercial Director and Marketing Director). The idea behind allowing these shared discussions was to open up conversation between participants and promote more in-depth discussion. The initial observations of the pairings of participants for the interviews were noted as indicative of the strategic orientation within the case companies.

Manufacturer A paired interviews with senior managers from operations and purchasing; this inferred there might be a closer working relationship between these two business functions in the case company. A further paired interview was held with a senior manager from marketing and the Commercial Director. These interview pairings indicated that in this case company there may be a stronger leaning towards a market orientation being considered as more strategic to the manufacturer's strategic orientation.

In the case of Manufacturer B, the senior manager from purchasing was paired with the Commercial Director for the interview which inferred a leaning towards a purchasing orientation as more strategic for this manufacturing organisation. Previous interviews with this case company had mostly been held with the purchasing manager and the Marketing Director; however, the Marketing Director was not available for the interviews in January 2015.

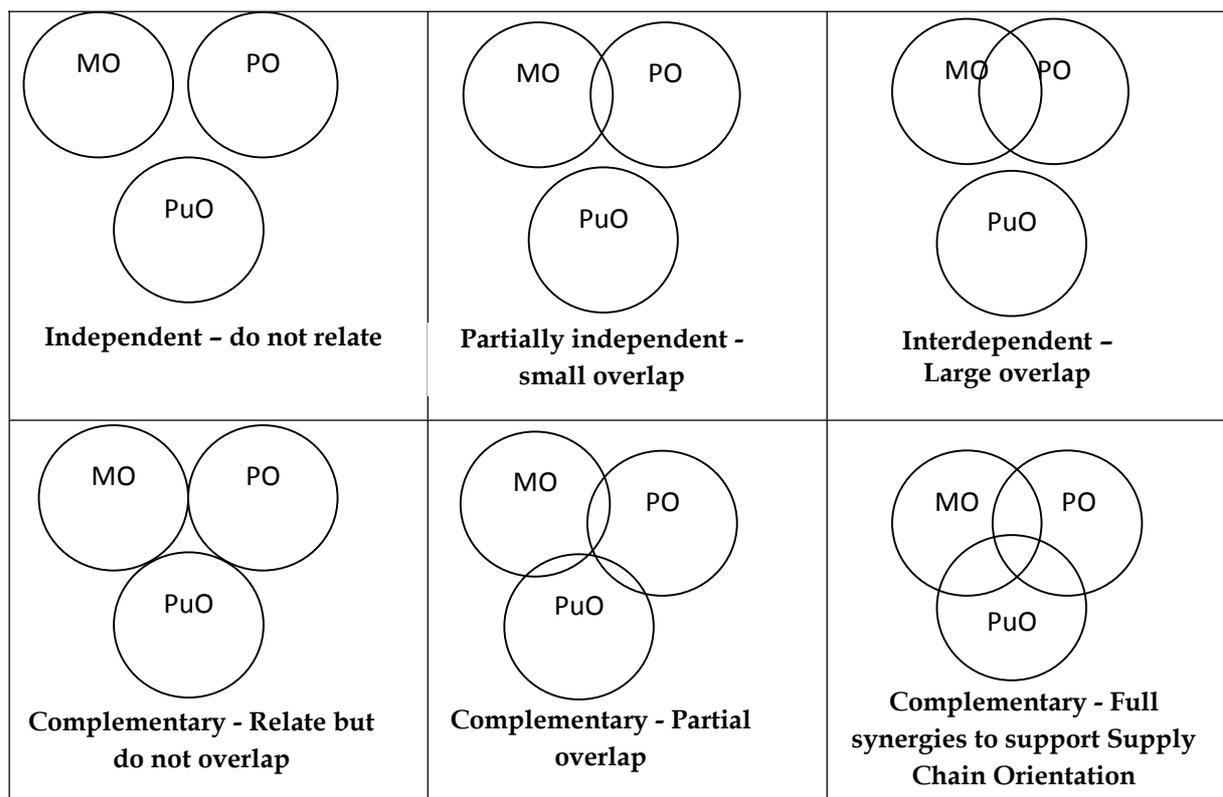


**Figure 4.8:** Strategic Orientation Pyramid (Fig. 2.12, Chapter II)

### ACTIVITY 2: The Strategic Orientation Configuration Tool

Whilst Activity 1 using the Strategic Orientation Pyramid was a shared activity inviting discussions from more than one participant a time, Activity 2: The Strategic Orientation Configuration Tool was emphasised as an individual activity. This was important for the research to gain perceptions from all three business functions about how they interrelate with the other two business functions in the business. In order to gain a deepened understanding of how the three business functions were perceived

strategically for each case company, a set of cut out paper circles was presented to each interview participant for each case company. The circle configurations can be seen in Figure 4.9. The interview participants were asked to arrange the circles to depict the strategic role of these three business functions in their representative organisations. Participants were instructed that the level of overlap between each business function (paper circle) portrayed the level of synergy between purchasing, marketing and operations. This was suggested to interview participants as being demonstrated through levels of cooperation, trust, commitment or coordination of daily and strategic activities.



**Figure 4.9:** The Strategic Orientation Configuration Tool (Table 2.14 in Chapter II).

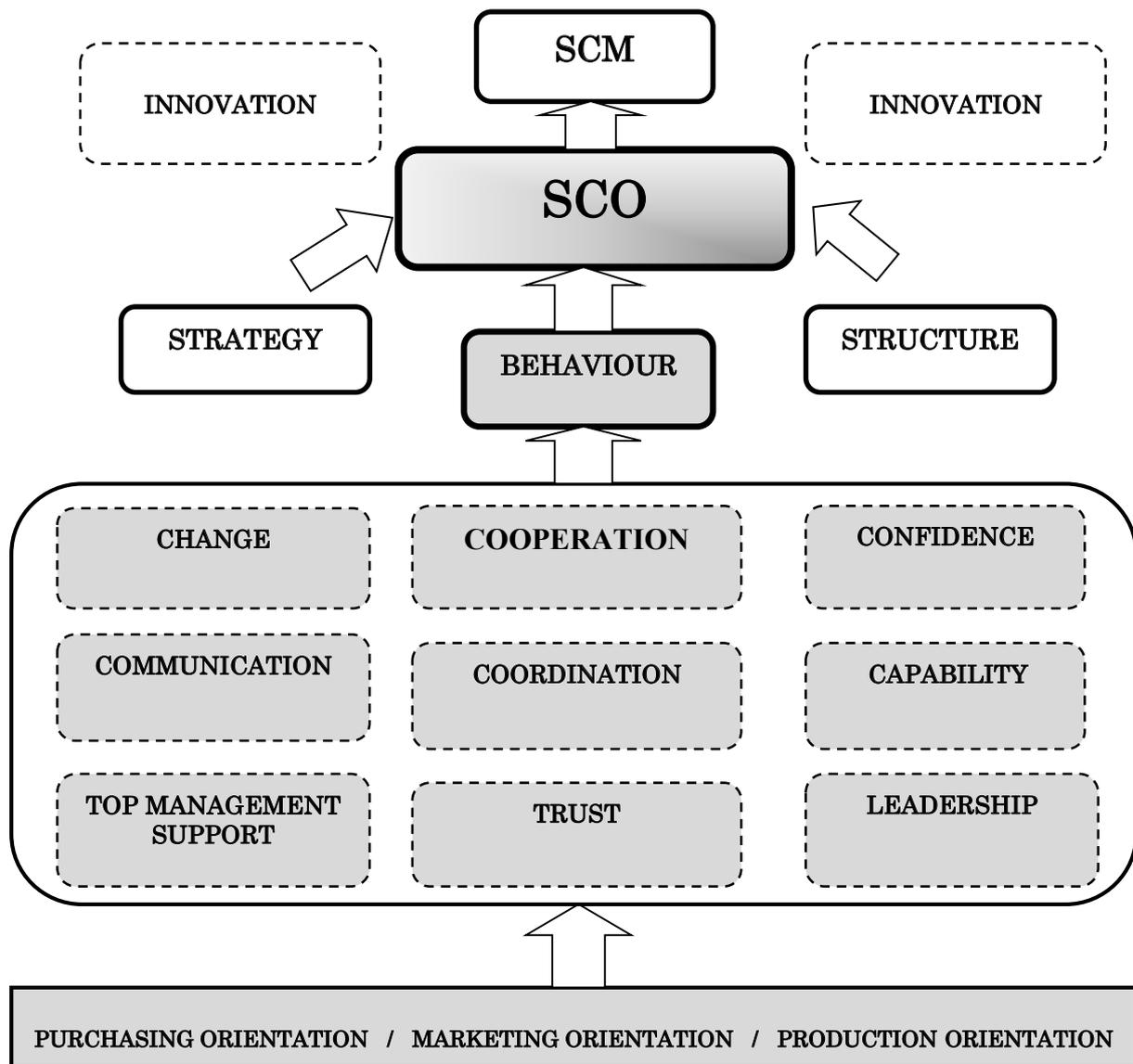
The options put forward to each participant included:

- **Independent** – business functions showing no relation between any of the three business functions inferring no coordination or cooperation
- **Partially independent** – showing some synergy between at least two of the three business functions inferring some coordination and cooperation between two business functions
- **Interdependent** – showing strong synergy between two of the three business functions inferring coordination and cooperation between two business functions

- **Complimentary** – showing some coordination but no overlap or real synergy between all three business functions
- **Partial Complimentary** - showing some overlap or synergy between all three business functions inferring some cooperation.
- **Full Complimentary** – high synergy between all three business functions inferring full cooperation and coordination

### **ACTIVITY 3: Research Model Questionnaire**

The third activity involved a questionnaire which included the nine behaviours and variables featured in the research model in Chapter II (Fig: 2.17). Interview participants were asked to complete the questionnaire individually. These discussions followed the paper circle configurations so unlike the first activity with the strategic orientation pyramid when participants were encouraged to discuss in pairs, participants had been encouraged in the second activity to become critical and think through their own individual perceptions of what was driving the business through in terms of its strategic orientation. The aim of this activity was purely to pilot the questionnaire and so the results are insignificant in this small sample. For this reason and due to the sensitivity of the data the identity of the case company remains anonymous.



**Figure 4.10:** The Research Model (Developed from Figure 2.17, Chapter II)

The participants were asked to rank (High, Medium, Low) how they perceived each business function relative to their own. For example, how responsive to change is purchasing, marketing and production? Is production perceived as more responsive to change than purchasing? Due to time pressures during the interview sessions only four of the five invited participants completed the table during the interview session. On this basis it was decided to only utilise three of the total responses which represented a comparable approach from one case company. Findings from the other case company were not included in this research. Due to the sensitive nature of this information and that it was taken from such a small industry the identity of all participants remains anonymous for this activity in Chapter V.

Interviewees were asked to rank the variables as H high, M medium or L low E.g. Procurement is <b>highly</b> responsive to change compared to operations which is <b>low</b> . Procurement benefits from <b>medium</b> leadership compared to marketing which is <b>high</b> etc.			
Elements	Procurement Function	Marketing Function	Operations Function
<b>Change</b> <i>(responsiveness to change or initiate change)</i>			
<b>Trust</b> <i>(how each function trusts another)</i>			
<b>Coordination</b> <i>(of activities and process between the functions)</i>			
<b>Cooperation</b> <i>(willingness to support internally across functions)</i>			
<b>Confidence</b>			
<b>Top Management support</b> <i>(level of professionalism perhaps through training, etc.)</i>			
<b>Leadership</b> <i>(e.g. Is there a director for each business function Is there senior management support at commercial level for these strategic functions?)</i>			
<b>Capabilities</b> <i>(e.g. expertise, knowledge, experience)</i>			
<b>Communication</b> <i>(e.g. meetings, problem solving)</i>			

**Table 4.12:** Research Model Questionnaire (Developed from Figure 4.10).

#### 4.11 Phase Four: Tools for Analysis

The strategy for presenting the analysis and discussion in Chapter VI is founded on the Harding (2013, p. 4) framework. Harding emphasised four approaches relevant for the analysis of qualitative data: thematic analysis, comparative analysis, content analysis, and discourse analysis. The latter option, discourse analysis, is not utilised for this study, however, the remaining three approaches are adopted and can be defined as follows:

- **Thematic analysis** requires the researcher to identify themes emerging from the literature
- **Comparative analysis** is used to compare findings across different industry or customer participants
- **Content analysis** requires a more systematic approach to sift through the data by creating codes

In the context of this study, the Harding framework is employed to create a funnelling effect and narrowing down of the case findings. Thematic analysis is applied to concepts such as SCM, SCO and strategic orientation. This is followed by comparative analysis, comparing case company and other interview participants' main findings. Finally, content analysis is deployed to examine and interpret

the interview data in relation to the literature findings and gaps identified in the literature (presented in Chapter II).

In terms of analysis tools, a Google Scholar search was conducted in 2011 to identify the extent of author interest in qualitative analysis tools specific to SCO research. The majority of SCO studies were in the logistics, supply chain and marketing research fields. Of the 124 SCO studies identified and examined, the majority (74%) utilised quantitative methodologies and there was little evidence of qualitative research, with even less evidence of computer assisted qualitative data analysis software (CAQDAS) packages such as NVivo or Atlas ti. being utilised. The search findings are presented in Table 4.13.

RESEARCH DESIGN	NUMBER OF STUDIES (2000-2010)
Case Study	117
AHP (Analytical Hierarchy Process)	9
NVivo or qualitative software	1

**Table 4.13:** Dissemination of research methods for studies in supply chain orientation (SCO)

The PhD Tools considered for analysis in this study included Atlas ti. V6, NVivo, Analytic Hierarchy Process (AHP) and Fuzzy Analytic Hierarchy Process (AHP). Each were explored by reviewing existing debates in the literature, consulting with the supervising team, reading weblogs, visiting QAS websites, interviewing both fellow doctoral research students and experienced researchers. In addition, two training courses were taken: a one day introductory course in July 2009 at Cardiff University, School of Social Sciences and an advanced three day training web seminar in May, 2012 (by Ricardo Contreras).

All computer assisted qualitative data analysis (CAQDAS) packages seemed to allow the researcher to store and manipulate text documents and codes. Early (1990s) software packages had been criticised as mere organising tools (Smith and Hesse-Biber, 1996). More current CAQDAS packages, such as Atlas had been recommended as time-saving devices, with the proviso that the coding process was carefully planned (Contreras, 2012). A new text by Friese (2012) became a major source of information and guidance.

Atlas ti. V6 was chosen for this research study. Its strengths were that it was a systematic approach to collating, sorting, coding and analysing data. The updated version of Atlas (7) was emphasised as radically different and time consuming to make the transition (Contreras, 2012).

Bazeley (2008) argued that to increase rigor in quantitative research, qualitative software packages should be considered to assist in improving the research design and the flexibility of the research. One area where rigour is required is in the coding approach, which Bazeley, (2008) argued could fundamentally strengthen (or weaken) the arguments being presented. The manual coding option has been subjected to criticism (Friese, 2011), being referred to as being a less robust methodology. Therefore, in support of a more effective qualitative analysis, the systematic coding of data and ordering of the codes was undertaken for the analysis. A systematic coding approach has been argued by authors as important for promoting research validity (Bazeley, 2008; Friese, 2011). In agreement with Yin (2014), this part of the process was felt the most time consuming, but it did help in developing an understanding of the importance of the ordering and placement of the variables in the research model. This coding process was then matched to the findings from the literature review in Chapter II to verify the order of precedence between variables, such as leadership, trust and communication.

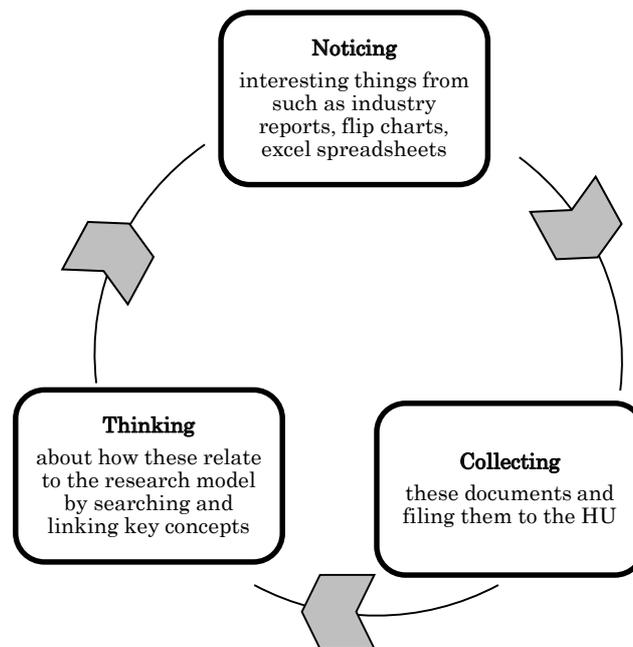
Yin (2014) raised caution that that software packages are mere tools for analysis and rely heavily on the researcher to design the formulae and Friese (2012) stressed that if the researcher tries to structure the data too soon this will result in problem later into the research. Friese argued that Atlas software operates on two levels:

- **Textual level** – promoting the coding, searching and memo writing to start the analysis;
- **Conceptual level** – linking the codes to become semantic networks in relation to key concepts.

Appendix 9 details the process of using Atlas ti. V6. One of the main benefits of using Atlas ti. V6 was that it helped to visualise the development model as the codes were being sorted and data analysed (Smit, 2002). These are visually and clearly presented on the screen. Other advantages included the ability to utilise numerous documents which could be bundled together under the Hermeneutic Unit (HU) and stored as a single unit. This simplified the selection process using a single file. Secondly, personal documents (PDs) such as PDF files and text documents could have quotations filed without corrupting the original documents. This was useful if errors were made, as changes could be easily overridden. Furthermore, any section of the PDF document (e.g. journal paper) could be coded: text or graphics. The compatible format of PDF allowed several types of documents to be included, such as, PowerPoint, Excel and Word and Open Office. Atlas ti.offered a central portal for the interview documentation gathered during the data collection period (2009-2011). This was useful because notes could be stored to underline or link key concepts under examination and by working with the data on the computer screen primary documents (research reports) could be switched for easier comparisons (Mayring, 2000) did though present problems. For example, when using data files as external sources for the PDs, source files had to remain at the referenced location and could not be renamed or moved,

otherwise the HU could not find it. Friese (2012) stressed it is important not to alter any documents even outside of the HU incase the files become corrupted or invalid.

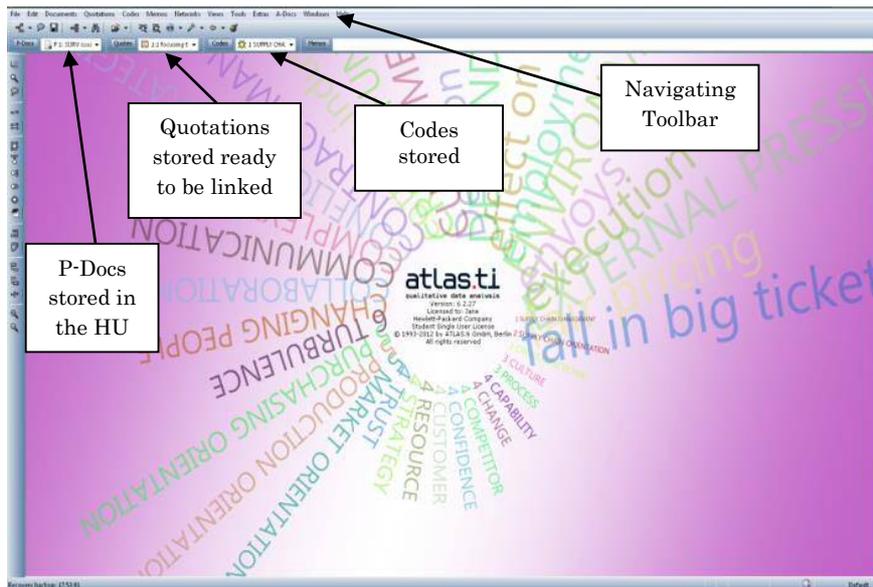
To start the analysis process, Friese (2012) proposed three stages of the NCT model: notice, collecting, thinking (Figure 4.11). Each of these three stages is explained in Appendix 9, which also details the process undertaken of using Atlas ti. V6 in this study, and applied in Chapter VI for the data analysis and discussion.



**Figure 4.11:** NCT Model of data analysis (developed from Friese, 2012, p.57)

Appendix 9 lists the process and tools for Atlas software. Case study findings for Manufacturer A and Manufacturer B, Supplier, Supplier B, Retailer A and Retailer B were written up into reports and these were downloaded onto the hermeneutic unit (HU). The term, hermeneutic derives from “*the art of fortune-telling and text interpretation*” (Friese, 2012, p.9). The sentence content within the reports was broken down to manageable pieces of text in the process of identifying the meaningful comparisons of data. Content analysis has been supported by authors such as Weber (1990, p. 5) for classifying “...*large sections of text and organising it into relevant and manageable bits of data*”.

A screen shot of the Atlas desktop can be seen in Figure 4.12. Smit (2002) and Friese, (2012) underlined the importance of appropriate coding as essential for theory building. The codes were initially created using the open coding system, with codes being derived from the literature and in-vivo codes, which are in turn derived from the textual content. In-vivo codes are necessary when quotations fall easily into headings: for example, market orientation.

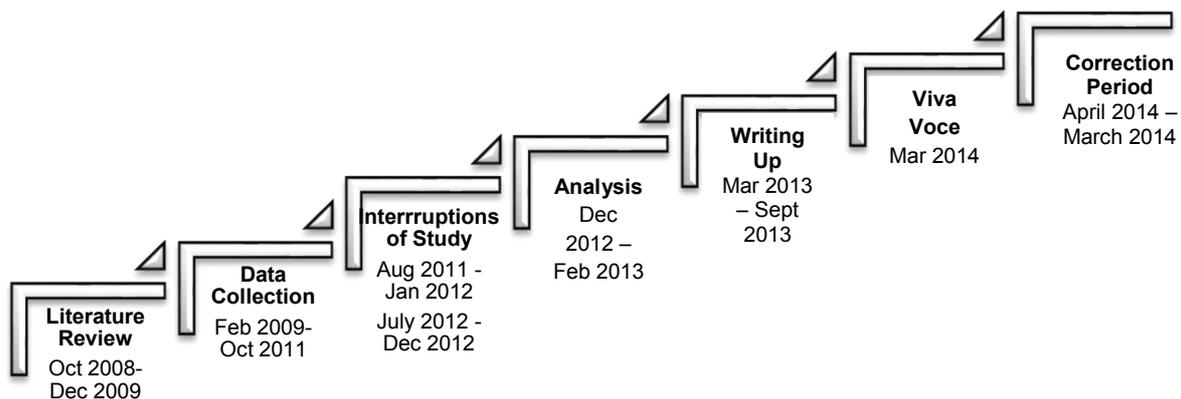


**Figure 4.12:** Screen Shot of the Hermeneutic Unit (HE)

Knowing how many codes to create is more of a challenge. Friese (2012, p. 93) stressed that “*some researchers develop 40 codes, others a few hundred or even a few thousand*”. Friese suggested the coding process should be completed in two cycles. However, running through the coding process for this research identified the need for a third cycle. This ensured the codes were reduced to a manageable number for enabling easier linking to the literature. This research process utilised a combination of descriptive, topic and an open coded set of procedures.

#### 4.12 Time Plan

A project timeline is presented in Figure 4.13 indicating the breakdown of research activities between 2008 and 2015. This included the initial research proposal in 2008, research and data collection between 2009 and 2011, the original submission date in September 2013, the viva voce in March 2014 and the resubmission date in March 2015. The figure also highlights two six month interruption of study periods.



**Figure 4.13:** Approximate timings for the PhD research

The interruptions noted in Figure 4.13 were taken in two separate six month intervals due to personal circumstances. The period between April 2014 and March 2015 included time for rewriting the full thesis, adding more detail to the literature review and re-entering the field for a second round of data collection. This was a significant period in the research journey.

### **4.13 Reliability, Validity, Reflexivity, Generalisability**

Whilst these concepts: reliability, validity, generalisability and reflexivity have contrasting meanings and implications for the research, Silverman (2013) grouped them as indicative measures of the research quality and credibility. Each concept is now discussed in relation to this research project.

#### **4.13.1. Research Reliability**

Reliability is defined as “...*the extent to which research is consistent in what it measures*” (White and Denholm, 2011, p. 235). In this sense, validity and reliability are inextricably linked. Silverman (2013) recognised that reliability and validity can often be confusing as terms for a researcher so offered a clear distinction between them: reliability refers to the degree of consistency from the interview participants and validity refers to the accuracy of data collected and the interpretation of that data.

*“A first requirement is that researchers do everything they can in terms of methodological rigour to ensure that their accounts are accurate and that their interpretations are reasonable”*

(Buchanan and Bryman, 2009. p.424)

Silverman (2013) warned against using measures and scales for qualitative research as it contradicts the very purpose of a method which benefits field notes or transcripts, where deeper explanations of causes and effects may be presented. The research model presented at the end of Chapter II suggests such measures and scales could be used. Whilst the research model was used for planning the interview questions, the interview questions were deliberately kept broad in approach (semi-structured) and all qualitative data collected from the main research interviews between 2009 and 2011 was later matched against the variables in the model, such as commitment, leadership and trust.

In reflection of the decision not to record interviews, this meant that there was greater pressure as a researcher in ensuring all facts were correct and important points were not missing. Emailing the notes back to participants was a form of verifying and triangulating the data. This method of triangulation was only one of several approaches used in ensuring interview data was reliable.

### 4.13.2 Triangulation

Rozemeijer (2000) noted that method triangulation originated from shipping navigation where several, as opposed to one, location points were used to calculate the exact location of a ship at sea. The author identified four ways for adopting triangulation across empirical research: method triangulation, source triangulation, data triangulation and research triangulation. Each approach is classified in Table 4.14 and deemed relevant for this research except for research triangulation. Several researchers need to be involved in data collection which makes it unsuitable for doctoral research where an entirely individual research approach is taken.

TRIANGULATION METHOD	DESCRIPTION
Method triangulation	Combining face-to-face interviews with observations and industry documents
Source triangulation	Combining several sources of data taken from more than one interviewee
Data-triangulation	Handling large amounts of data taken from different perspectives
Research triangulation	Individual observations from a number of different researchers are compared

**Table 4.14:** Four Approaches to Triangulation (Developed from Rozemeijer, 2000)

Data triangulation and method triangulation have been widely supported in the social sciences by authors such as Mason, (1996), Silverman, (2000), Robson, (2002), Bryman and Bell, (2007), Matthyessens, (2007) and Yin (1994; 2003; 2011; 2014). Glaser and Strauss (1999, p.17) argued that method triangulation led to “*richer constructs*” for “*the road ahead*”. Robson (2002) argued that method triangulation reduced the threats associated with research validity and Danermark *et al.* (2002)

claimed that combining different research methods and instruments was a powerful approach for improving the reliability and validity (internal and external) of research, otherwise termed as triangulation. Both, method and data triangulation approaches have been used for this research.

Yin's (2014) case study research included guidance on source triangulation. The author distinguished between convergence and non-convergence of multiple sources of evidence. Yin stressed that a key point for researchers was ensuring evidence was collected from as many sources as possible, such as site visits, interviews and surveys. The company documents may then be merged for the overall findings and should not be treated separately. Taking these arguments forward, with the aim of improving the reliability of the data collected, source triangulation and data triangulation were utilised for this research project.

Triangulating of interview documents ensured reliability and validity of the information taken but it also gave participants opportunity to add further comments. This approach allowed interview participants to challenge areas which may be inaccurate or skewed, in particular this was relevant when extracting information from company reports.

#### **4.13.3 Research Validity**

Yin (2014) classified research validity in four ways: construct validity, internal validity, external validity and reliability. He stressed that research validity would become more of an issue when applying multiple case studies. The methods, research questions and research purpose needed to be consistent throughout. White and Denholm (2011) distinguished between internal and external validity; internal validity ensures constructs are measured appropriately: "*the extent to which a test appears to measure what it is supposed to measure*" (ibid. p. 234) and external validity is otherwise known as generalisability and is "*a measure of the extent to which the results can be extrapolated to another setting*" (ibid.).

#### **4.13.4 Generalisability**

As already noted the terms generalisability and external validity are often used interchangeably to mean the same thing. Silverman (2013) noted that qualitative case study findings can be less generalisable than quantitative methods due to the differences in sample size. Dismissing this potential problem Silverman (2013) emphasised that quality research should be a result of generalising theoretical propositions, not judged by the research population. The nature of this research has been to examine strategic orientation in the context of manufacturing. Whilst the UK touring caravan manufacturing industry offers empirical evidence, the main contribution offered through this research are conceptual developments for understanding and measuring a firm's supply chain orientation (SCO).

For this research, by probing deeper, almost to an ethnographic level, rather than gathering large amounts of data from a broad sample it was hoped more meaningful insights for conceptual development could be revealed. The research model featured in Chapter II, Figure 2.18 and Figure 2.19 is proposed in Chapter VII as generalisable outside of the UK touring caravan industry and even away from manufacturing.

Interview data collected in December 2014 and January 2015 was aimed at meeting two objectives: triangulating the findings from 2009-2011 and a preliminary test of the research model in preparation of a quantitative study post PhD.

#### **4.14 Research Ethics**

Mason (2007) emphasised that research needs to be conducted as morally as possible to protect both the researcher and the participants. Ethical considerations were crucial and were discussed at the opening of all interviews. This prompted wider discussion about participant anonymity and also helped to clarify the role of the researcher. Offering consultancy was a frequent misconception by many participants during the initial introductions. An ethical approach to quality research ensured that interview participants were approached with sensitivity and interviews were conducted confidentially and managed appropriately, recognising that interview participants were competitors.

Ethical approval was sought in adequate time for conducting the research in 2008 and again in 2010. Each actor received a formal consent form prior to the study which provided an overview of the research, the supervising team contact details, the researcher's contact details and it reminded them of the opportunity to withdraw at any time. One of the key challenges of mixed methods research was highlighted by Brown and Hedges (2009) and Merten, (2011) as new knowledge being created that further challenged the researcher's ethical responsibilities of data handling. This point was confirmed when given confidential data sets of caravan manufacturing output, both historical and current. This information was held in a password protected file in ensuring confidentiality.

**Gatekeeper** - one of the important learning points for planning this research project was the importance of identifying the appropriate gatekeeper. This was a previously unexplored industry for academic research which meant gatekeepers needed to be identified; their approval was crucial to this research (Robson, 2002; Oliver, 2003, Saunders *et al.* 2007). In this research the gatekeepers were selected as chairmen, senior directors: the key players or those with higher strategic interest in the industry. Some difficulties were faced in 2010 when a letter was received detailing a complaint about the research process. Fortunately, this matter was quickly resolved as the company had previously been contacted but the incident quickly reinforced the need and importance to check for more than one gatekeeper in ensuring the research process was conducted in a smooth and ethical manner. However,

this confirmed Goulding (2002) and Mason's (2007) view that the qualitative researcher is merely a research tool who needs to be continually highly and actively engaged.

#### **4.15 Research Limitations**

Three main research limitations have been identified for this research. Each is now explained:

This research has focused on a single country and industry: the UK touring caravan manufacturing industry. Given more time and resource it would have been useful to make a comparison across industry sectors in the UK and across nations such as touring caravan manufacturing in the UK and Germany.

The timing of the main data collection (2009-2011) was during an exceptionally economically challenging period which was severely affecting the operations and strategic management of UK manufacturing. The UK touring caravan manufacturing industry was no exception being affected by these challenging conditions; both the manufacturing sector and supplier market was contracting at a concerning rate. Due to this sensitive timing a decision was made to not record the interviews. Whilst the content of the written reports was confirmed by interview participants after each meeting it is inevitable that not all interview discussions were noted in the reports which were based on memory or industry reports and typed up following each visit.

Researching from a critical realist perspective has required a more in-depth, zoom lens examination rather than a wide-angled approach which may have limited the generalisability of the research outcomes.

#### **4.16 Summary**

This chapter has presented and evaluated a four phased structured approach to the research design (adapted from Ho *et al.* 2010). The research philosophy and research design (methods, strategic choices and tools) adapted to support the research project has also been presented and evaluated.

Figure 4.13 portrays how the research questions are argued as central in determining the research methods, the conceptual framework under examination, the research goals and the research validity (Maxwell, 2012).

## **CHAPTER V - CASE STUDY FINDINGS**

Chapter I Introduction	Chapter II Literature Review	Chapter III Background Study of the Industry	Chapter IV Research Philosophy & Design	Chapter V Case Study Findings	Chapter VI Analysis	Chapter VII Conclusions
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## 5. INTRODUCTION

The purpose of this chapter is to present the case study findings for six companies selected from within the UK touring caravan manufacturing industry supply chain. Two manufacturing case companies represent the main data findings for the study. Manufacturer A was the principal case company utilised throughout the full duration of the research period with supplementary information obtained from Manufacturer B over the same research time (2009-2015). In addition to the manufacturing case companies, findings are presented from semi-structured interviews being held with two suppliers and two retailers. As noted in Chapter IV, the purpose of these interviews was to verify and elaborate on the information collected from the two manufacturers. The interview data was gathered in two stages: semi-structured interviews through onsite visits with Manufacturer A, Manufacturer B, Supplier A, Supplier B, Retailer A and Retailer B were undertaken between 2009 and 2011. Between 2014 and 2015, participants from Manufacturer A and Manufacturer B were consulted for more in-depth, face-to-face interviews. During these second stage interviews, as explained in Chapter IV, three tools were adapted from the literature findings which prompted the discussions.

The core purpose of the interviews was for identifying any issues and trade-offs facing operations, marketing and purchasing functions in Manufacturer A and Manufacturer B which may have prevented or supported effective implementation of the manufacturers' Supply Chain Orientation (SCO). As the majority of interviews occurred face-to-face at the manufacturers' sites, considerable benefit was gained in being able to observe the manufacturing processes and appreciate a deepened understanding for some of the real life physical challenges being faced by the two manufacturers. Other methods used to supplement the interviews in these case studies included, the examination of company documents, such as Bill of Materials (BOM), Materials Requirements Planning (MRP) II reports and beyond a tour of the production facilities visits to logistics, storage, purchasing and planning office units. The interviews were all semi-structured in nature. As a reminder, a summary of the initial questions used is provided in Table 5.1.

THEME	INTERVIEW QUESTIONS
<b>Introduction</b>	What are the current supply chain related challenges for the UK touring caravan industry? Does this differ from those of your organisation?
<b>Changing Trends</b>	Do you envisage changing patterns of demand for caravans and if so how will this impact the operations?
<b>Strategy</b>	How does your organisation achieve value? Which other industry business model/s do you reflect upon when designing the organisation's strategy?
<b>Operations</b>	What are the key challenges facing the production teams in the current trading environment?
<b>Purchasing</b>	How has the role and importance of purchasing changed (if at all) during this difficult trading period?
<b>Marketing</b>	How important is marketing to remain competitive within the UK touring caravan manufacturing industry What are the key challenges of satisfying customer demand?

**Table 5.1:** Semi-structure Interview Questions for Manufacturer A & Manufacturer B between 2009 and 2011

## 5.1 Manufacturer A

Face-to-face interviews during the main research period were held during March 2009, July 2009, October 2009, February 2010, March 2010 and October 2010. The findings from interview discussions held during December 2014 are presented later in this chapter. At the time of conducting the research, Manufacturer A was described by other UK touring caravan industry members as an industry leader and “*pace setter*”. This was evidenced by several industry awards being won by Manufacturer A between 2008 and 2010 for innovative product design and exceptional customer service.

- **Major Supply Chain Challenges**

*What are the current issues for the UK touring caravan industry? Does this differ from those of your organisation?*

**Credit insurance** - a major challenge facing the industry supply chain in 2009 was the availability of credit insurance. Whilst many of the problems with the upstream supply base had been resolved, there were still problems downstream amongst dealer networks with the falling demand levels for new caravans. The manufacturer schedule was controlled utilising an eight week firm up for orders with suppliers and supplying finished goods to retailers. However, there was uncertainty as to whether the dealer (retailer) would be accepted for credit insurance. The lowered demand levels meant that retailers’

credit lines were full and further borrowing carried too great a risk to lenders at this time. This economic crisis led to supply chain uncertainty plus a bottle-neck of finished caravans waiting to be dispatched to dealer networks. This situation brought the industry supply chain to a standstill and resulted in the loss of many suppliers.

***Controlling Inventory Levels for Warranty & Repair*** -a second major challenge identified was the difficulty in establishing the order point that the customer would accept for delivery availability of parts, cost and lead time. Offering the customer higher levels of customised products meant that by 2009, Manufacturer A held a database of 210,000 components and spare parts ready for ordering on the system. Yet interviews with the operations and purchasing managers revealed that only 10,000 of these parts had been ordered in the last 12 months, 60% of which had only been ordered once or twice. The overhead costs of maintaining this list in terms of updating systems, management of systems and handling of small parts added unnecessary cost to the whole life costing of producing new touring caravans. The lowered demand for such an extensive range of components became problematic for suppliers, many of whom were small businesses relying entirely on the caravan industry for sales. Supplier spend was reduced, yet more time was needed by the purchasing team for managing the supply base.

***Conflicting Demand Levels*** –during the first meetings (March and July, 2009) participants noted that the UK touring caravan industry was facing a unique period in its history where customer demand for new caravans was at an all-time low in 2008 with a slight upturn in demand in 2009. Manufacturer A was no exception in experiencing this shift in demand patterns. In contrast, demand for caravan park sites was at an all-time high as holiday makers sought out more cost-effective holiday options and caravanning became a more fashionable alternative to consider. High usage was considered a key factor for industry members to remain optimistic in the hope that sales would turn a new cycle in the longer term. However, in the interim period, Manufacturer A was forced to reduce its production team by half in 2009. This radical cost reduction strategy meant the manufacturing firm was exposed and vulnerable when there was an upturn in demand for new caravans in the third quarter of 2009. However the Operations Manager defended this resource optimisation strategy as a normal response to seasonal trends.

This view was echoed in news reports when at the time of interviewing (2009) newspapers were focusing on the high number of job losses across all industry sectors in the UK with headings such as, “*Across Britain people ask: is this country going bust?*” (Elliot, 2009).

- **Changing Trends in Demand Patterns**

*Do you envisage changing patterns of demand for caravans and if so, how will this impact the operations?*

Two major changes were noted during interviews: supply market changes and strategically elevating the purchasing role to improve management of the supply base.

***Supply Market Changes*** – the interviews held during 2009 revealed that the fall in demand for touring caravans was having a greater negative impact on the supply chain where the majority of suppliers were not diversified and thus were largely or wholly dependent on this industry for their business. Manufacturer A was solely dependent on some of its component suppliers and this risk was highlighted when a strategically critical Italian supplier went out of business bringing the supply chain and manufacturing production lines to a standstill until an alternative source was found. Difficult and unexpected situations like this created tensions internally between sales, marketing, purchasing and operations greatly affecting its supply chain flows such as product, information and capital. Sales, marketing and operations needed to identify a new source as quickly as possible so that manufacturing could resume and new products could be distributed and invoiced. Purchasing had to ensure that the new supplier not only offered a competitive pricing structure but offered value and quality in product design, which was hard to achieve over a very short time scale. This dilemma also signified how important it was for the buying team in the purchasing department to improve the management of suppliers and liaise more closely with the operations department.

***Strategically Elevating purchasing*** - Interviews during this time suggested there was a close working relationship between operations and purchasing developments for improving supply chain flows such as product, capital and information coming into the business. Some interviews were held with representatives from both business functions and the offices for each department were closely located to each other enabling easier communication. In 2009, Manufacturer A noticed an increase in missed orders by tier 1 suppliers due to the reduction of their workforce numbers which again brought manufacturing production lines for new caravans to a standstill. Interviews carried out during the 2009 period highlighted several tensions and pressures across the production and purchasing functions, such as the examples provided.

- **Strategy**

*Which other industry business model/s do you reflect upon when designing the organisation's strategy?  
How does your organisation achieve value?*

Several areas became the topic for discussion when discussing how the UK touring caravan sector compared with other business models from industries such as the automotive and yachting sectors. These topics included closer collaboration between industry supply chain members leading to improved supplier confidence. The dilemmas for supply chain integration, determining the right strategy and corporate restructuring and the ongoing challenge of lowering overhead costs. Each of these is now elaborated on.

Manufacturer A dismissed the relevance of applying auto industry principles due to varying process levels and the scale of production output. The Operations Manager accepted that some of the processes were similar to those used in other industries, such as automotive and yachting, however, participants seemed protective and proud of the skilled craftsmanship that still went into producing touring caravans. This discussion led to a tour of the timber stores and furniture warehouse where the tooling and machinery used for manufacturing furniture such as cupboards and wardrobes for caravans could be viewed. It was noted in the interview that this part of production was outsourced by many other manufacturers in the industry.

**Confidence** – To achieve its strategy the immediate focus emphasised by managers during interview discussions in 2009 was that firstly the company needed to instil confidence amongst the supply chain members. Managers were concerned that volatile demand levels were becoming critical issues in the supply chain. The problems suppliers were experiencing were impacting on their on-going viability, as many suppliers were smaller businesses where cash flow was limited. This was also leading to less innovation and fewer investment opportunities.

Throughout the interviews however, despite it being an economically challenging period, all interview participants remained optimistic that a surge in demand would quickly return to the industry. In verifying this, we can see from Figure 4.4 that the industry has a long history of experiencing peaks and troughs in demand for new caravans.

**Supply Chain Integration (through merger or acquisition)** – Interviews with the Owner/ Managing Director contrasted to those with operations and purchasing roles. There were mixed views from participants about the likelihood that vertical or horizontal supply chain integration would be a likely future strategy for the industry, meaning manufacturers in the industry acquiring retailers, suppliers or competing manufacturers. The owner /Managing Director noted caution for this by highlighting past failures at horizontal and vertical supply chain integration in the 1970s and 1990s era. However, both types of supply chain integration were perceived by the operations participant as a possibility for reasons of promoting transparency and improving the speed and reliability of information sharing through collaborative working in the supply chain.

**Strategy** - The strategy for Manufacturer A in 2009 and 2010 was very much one of stabilising customer demand levels and matching production resources appropriately to the new level of demand. Interviews revealed a push towards reducing inventory which was problematic due to servicing the necessary aftersales and warranty markets.

**Lowering overhead costs** – this was a focus for discussion by participants from the operations team. Reducing overhead costs (indirect spend) was aimed to optimise the firm's' core competences.

Operating production lines in a smaller area to save on business rates led to improved quality. Further efforts were taken to improve inventory management for the aftersales market. The operations manager was working more closely with the purchasing team to review minimum order quantities, minimum spend and delivery schedules with the suppliers of spare parts.

**Restructuring** - in 2011 and later in 2012, email correspondence revealed that Manufacturer A experienced major re-structuring within the organisation which led to the appointment of a new Commercial Director brought into the manufacturing business to support the senior management team in not only helping the company survive the economic recession period but support them in planning for new market challenges. The Commercial Director was tasked with full responsibility for managing the day-to-day operations, working closely with the supply chain team (operations, purchasing and logistics) with a concerted focus on designing and implementing robust planning systems. In 2011, the Managing Director and owner sold the business to the senior management team as a management buyout.

- **Operations**

*What are the key challenges facing the production teams in the current trading environment?*

Two main areas were noted as challenges; these included in-sourcing and capacity planning.

**In-sourcing** – Manufacturer A’s rationale for decreasing the level outsourcing of components such as furniture, external panels and finishing, such as spray painting, was simple: “...*being better, beating both the supplier and the competitor*”. However, keeping these services and processes in-house meant that demand levels need to be higher to achieve the economies of scale to remain competitive. It also required a deeper understanding of the supply market. By 2010, it was clear that more production processes were being reintroduced and brought back-in-house.

**Capacity planning** – The Operations Manager provided MRPII schedules which showed orders for the month. Variations in capacity levels and the impact this had on scheduling and ordering of spare parts were discussed. Production levels had recovered slightly by the third quarter of 2009, yet there remained irregular patterns in demand levels going into 2010. This was evidenced clearly by the MRPII sheet. Despite having an industry wide reputation as a market leader, Manufacturer A had been forced to move away completely from a make-to-stock strategy to an assemble-to-order strategy. This period saw an increasing shortfall of deliveries from component suppliers which brought the production line to a standstill and left manufacturing managers uncertain of the way forward to meet the customer orders still coming through the business. The problem with shortfalls in delivery was putting a strain on the purchasing team where an extra person had been assigned for expediting lost orders. This also raised

discussions about the limitations of MRPII systems when demand was so unpredictable and supplier quality varied.

The maximum capacity for production was quoted at 75 units per day, operating with two production lines. All workers were paid on *piece work*<sup>47</sup>. Employees in production generally operated in teams of four, though this was dependant on demand levels. During onsite visits and interviews there was evidence of trade-off tensions when, for instance, senior management were encouraging operations to lean up inventory and production process at a time when the market was demanding an agile approach for managing fluctuating demand levels. This also put greater pressure on suppliers. For example, a European supplier which used to deliver weekly was asked to increase the frequency of deliveries which were also smaller because of the increased frequency. In some cases this required setting up envoy services on the manufacturing site. This involves a supplier representative working in the manufacturer's site to enable quicker response to stock replenishment and sharing problem solving.

Site observations provided further first hand observational evidence of some of the issues that had been mentioned in the interviews. For instance, work-in-progress, unfinished caravans, were waiting for new components from suppliers which had fallen into administration and finished caravans, which had been previously ordered, were also not moving on due to downstream problems with credit lines. This meant that orders had been cancelled waiting for dispatch elsewhere. Observations of interview participants also enabled frequent opportunities to fully and realistically appreciate the extreme set of difficulties being faced during this time.

- **Purchasing**

*How has the role and importance of purchasing changed (if at all) during this difficult trading period?*

Six key areas emerged during the discussions which indicated Manufacturer A was adopting purchasing orientation. These changes which involved purchasing included developing partnerships, emphasising collaboration both internally within the manufacturing organisation and externally to supply chain members. In addition, Manufacturer A was most concerned with building supplier confidence by developing online supplier portals and increasing both direct and indirect spends.

**Partnerships** – interview participants all acknowledged the radical changes that were facing the purchasing department. This was having a radical impact on the way it was structured, located and operated on a daily basis. Purchasing had matured in Manufacturer A from playing a passive role receiving instruction from operations for the ordering of parts and setting conformance levels for new suppliers, to working more closely with the exiting supply base to foster product and process innovation.

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<sup>47</sup> Being paid by the task or piece of work completed rather than by the hour (Gov. UK). Piece work in this company meant that employees in production were paid per caravan unit produced.

Part of the challenge affecting not just this manufacturer, but the caravan industry as a whole, was the limited number of suppliers available. This was mainly because touring caravans required a bespoke dual electrical circuit system consisting of mains electricity (230Volts and 12 Volts), so standard components such as microwaves, fridges and televisions had to be specifically made for the industry. This meant the price for components was higher too.

**Collaboration** - The purchasing department were making step changes to improve the purchasing process. A supplier portal had been set up in 2007 where suppliers were being encouraged to make use of the information exchange and collaboration opportunities in an effort to build trust in the supply chain and instil more confidence.

In 2010, interviews revealed there were discussions underway for this firm to create partnership agreements with existing suppliers. Fifty suppliers had been identified by the purchasing and operations teams in liaison with the Commercial Director and Managing Director as potential partners but only 6 of these were in negotiations by 2010. The measures used for establishing the suitability for partnership was based more on annual spend rather than cultural synergies. It was hoped that developing partnerships would help to improve the working relationship, especially through difficult trading periods, to ensure continuity of supply. It would also help to instil confidence with these supply chain partners. Partnership working would also enable rationalisation of the supply base, leading to reduced administrative costs. It was further hoped these partnerships would lead to overall improved performance in the buying and supplying side of the business and ultimately to increased confidence levels. Partnerships were also hoped to improve the aftermarket supply challenges.

**Supplier confidence** - where possible this case company kept re-emphasising the importance of raising supplier confidence. Manufacturer A was renegotiating annual spend with suppliers and trying to provide the supplier with longer lead times for parts than actually required to meet customer needs. As noted in Chapter III, the UK touring caravan manufacturing industry can be characterised as indigenous whereby many of the suppliers were smaller family owned businesses which in many cases were completely reliant on the success of the UK touring caravan manufacturing to grow their own businesses. Manufacturer A felt by giving suppliers greater security of orders being placed owner/managers would feel more confident in building investments for improving systems. Working more closely with suppliers by sharing real time information would enable collaborative links by industry members. These were key points elaborated on by the operations and purchasing interview participants.

**Supplier portal** – discussions on the management of suppliers also led to the use of the supplier portal, which worked similarly to an electronic data interchange (EDI). There was a drive to encourage suppliers' schedules and placing the responsibility of ordering supplies on to the supplier. This new

collaborative approach was believed to offer many benefits for both the supplier and the purchasing department.

In addition, strategic changes were underway with the supply of parts for warranty claims going direct to the dealer network. This move was hoped to raise awareness with the supplier and to encourage them to accept greater responsibility of quality problems if a part was faulty, e.g. kitchen taps. Previous quality issues with parts supplied had burdened the manufacturer with an additional hidden cost which further impacted on brand reputation.

**Inventory** - there was an on-going drive for keeping inventory levels to a minimum with enormous improvements to controlling inventory levels between 2009 and 2010. The reduction in manufacturer A's inventory of spare parts was noted in 2010 as moving from £6m to £1.8m representing approximately a 70% fall in overhead costs. This had many benefits, releasing working capital, reducing the risk of obsolete goods and improving the management of stock control as both administrative and handling costs were lowered. Inventory of parts supplied for production was aimed to be no more than 4 working days in contrast to more than a week held previously. These achievements were stressed as being a result of improved communication and coordination between the purchasing and operations business functions.

**Indirect spend** – the economic recession and subsequent low customer demand forced the need for Manufacturer A to make quick and significant reductions to manufacturing overheads. Purchasing benefits were soon realised for in-direct spend when for the first time in its history, this case company was forced to think critically about “*leaning up*” its operations. As mentioned previously, this leaning up coupled with reducing inventory levels became new and important initiatives for corporate survival driven by strategic procurement.

- **Marketing**

*How important is marketing to remain competitive within the UK touring caravan manufacturing industry? What are the key challenges of satisfying customer demand?*

Whilst these questions were asked separately, the responses seemed to link the challenges as ways of remaining competitive. These included managing the product life cycle, diversification of the product range and collaboration through improved information sharing.

**Product life-cycle** - annual product launches created pressure on production and distribution, sales, etc. and required inventory of finished caravans to be kept to a minimum to prevent these finished goods becoming obsolete at the end of a season. The interviews prompted some discussion about who initiated these changes to design: was it the customer (market orientation) or the supplier (supplier orientation),

or the manufacturer (production orientation). All participants hesitated at this question but some stressed it was likely to be a combination of these factors.

**Diversification** – dealer specials<sup>48</sup> conflicted with the strategic decision taken by Manufacturer A to rationalise the product ranges. This provided evidence of the tensions and difficulties amongst the internal functions of the business especially between sales, design and operations, which was causing on-going strategic conflict. In an attempt to keep dealer networks satisfied and boost sales, arrangements were agreed to bring back variation into some models for larger dealers.

**Collaboration (downstream with the customer)** - The internal sales and marketing teams were encouraged to collaborate more closely with dealer networks during this difficult trading period. This close collaboration revealed knowledge of a shortage in the second hand caravan market where customers were being forced to buy cheaper upgrades due to the lack of borrowing available. A boom period in used caravans during 2010 coincided with an increase in customer demand for caravan park sites during 2009 and 2010. Many customers were put on long waiting lists in the hope of benefiting from someone else's holiday cancellations. This further supported a feeling of optimism by participants that the weak market demand for new caravans would soon be over and an upturn was expected towards the end of 2010 and beginning of 2011.

In addition to these findings, interviews focused on a major change system underway for this case company; Manufacturer A was in the process of re-examining its planning systems.

- **Planning Systems**

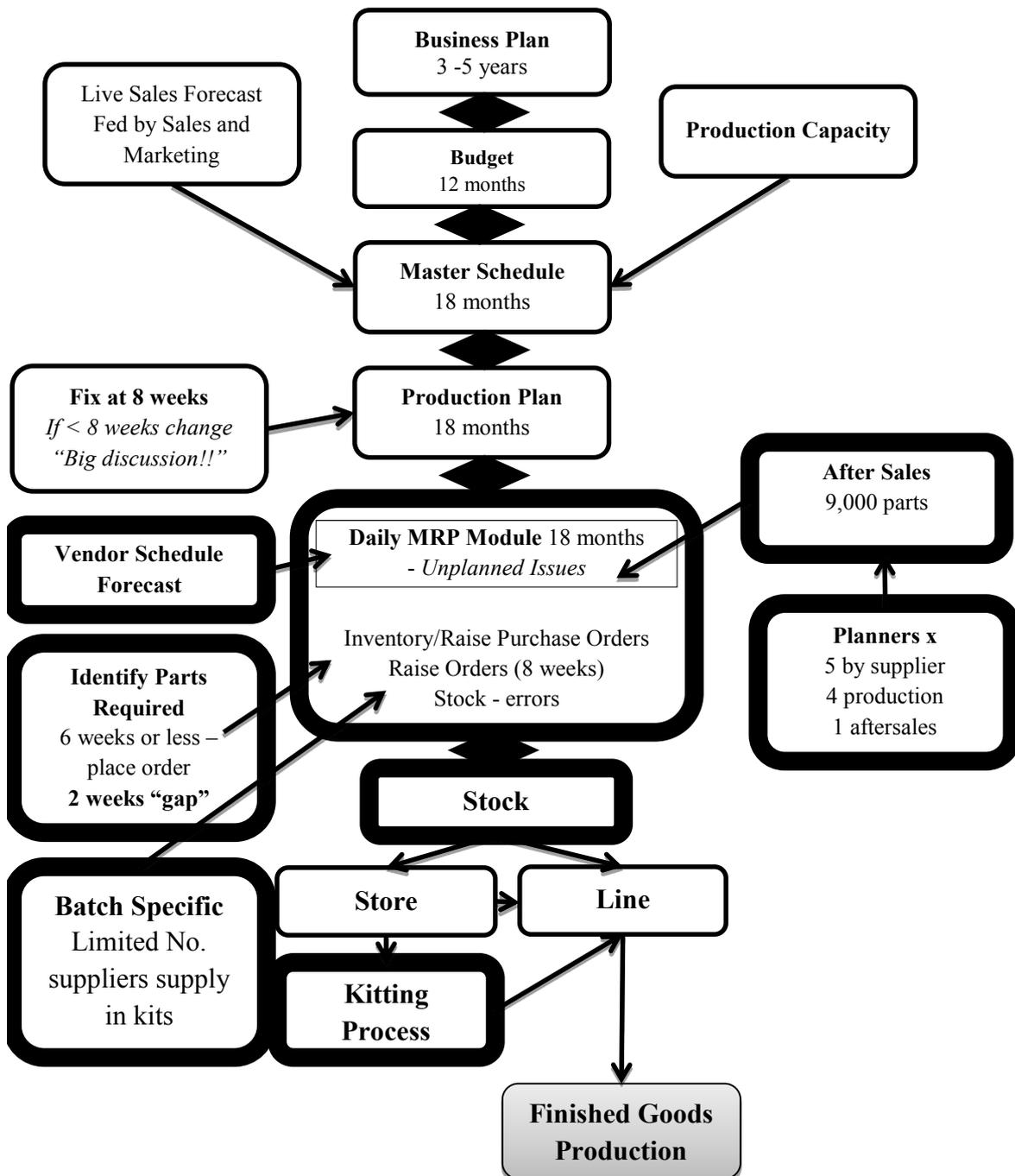
During interviews in March and July 2009, a complete appraisal of Manufacturer A's planning systems was underway, exploring advantages and challenges with MRPII and batch specific ordering. Three planning stages were currently being explored by the case company: the business plan, the master schedule and the production plan. Advantages and issues of both systems were expected to be reviewed over a longer period, 2010-2011. Purchasing had set up a trial period with a parts supplier which meant creating a new business model solution for providing warehouse/importer services for finished goods manufacturers. At the time of follow up interviewing in 2010, one of the main component suppliers was tasked to deal directly with dealer networks when supporting the aftersales and warranty market. Whilst this appeared to be an ideal, cost saving and lean option, interview participants in Manufacturer A were cautious that third party handling may carry higher levels of risk in the long run.

The original MRPII plans set out on a flip chart during the interview session can be seen in Appendix 11. This helps to highlight some of the major changes and challenges to the business plan, the master

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<sup>48</sup> Caravans designed for individual retailers; this can include structural differentiation or alternative furnishings. His strategy is mentioned in Chapter III for the study

schedule and production plan. For the purposes of presenting data for this research, the plan is further modified to create Figure 5.1, which is a typical representation of an MRP system adopted by this manufacturing organisation to assist with planning and scheduling to ensure the right levels of inventory were ordered to meet customer orders or batch quantities.



**Figure 5.1:** Strategic Planning for Manufacturer A (Interviews with the Operations Manager and the Purchasing Manager).

Closer examination of this plan and a review of the discussion with the two interview participants, revealed the importance of decision making and information sharing through collaboration between three key business functions in ensuring the plan could be consistently achieved. The functions included marketing (and sales), purchasing and operations. Marketing (and sales) were required to share sales forecasts to the buying and operations teams quickly and accurately in enabling smoother and reliable manufacturing planning and scheduling for touring caravans.

The major concerns discussed during the interview session in July 2009 in relation to production planning was over the suitability of MRP systems in the economic climate when demand levels fluctuated so much. MRPII had previously been utilised for controlling parts ordering for production inventory, generating the bill of materials (BOM) but this system was dependant on a steady flow of batches ordered and raising of purchase orders. However, the recent strategy to move towards a stockless system meant that the MRPII software was becoming less relevant as a planning and replenishment system.

By 2010 purchasing was taking control not only for the direct spend items but also for the indirect spend items such as labour, tooling, machinery and storage facilities. This prompted some discussion over terms such as whether the business function responsible for ordering and supplier management should be called procurement or purchasing. There was strong evidence through the interviews that Manufacturer A were moving from a production orientation towards a purchasing orientation and marketing orientation to survive the challenges being faced from the business environment. In addition, in an effort to stimulate market demand for new caravans driving new sales growth and new customers, marketing were pushing operations and purchasing for greater diversity in the touring caravan product range. Customer demand levels were still fluctuating unpredictably. Errors had been found in the MRPII system when trying to coordinate inventory levels to meet the materials demanded. For example, if there were quality issues with parts ordered, the MRPII system was unable to factor a shortfall in delivery or parts available as the ordering quantities were preset. In addition, it was difficult to factor into the system the inventory levels and the movement across the business (such as from warehouse to production line) for buffer stock.

Therefore, by 2010 a batch specific approach to ordering was being introduced, though it created a further range of issues. Firstly, suppliers were held responsible for sorting parts into batches, delivered to the manufacturer as a kit straight to the production line as and when customer orders arrived. This new strategy placed more responsibility on the upstream supplier but was found to deliver greater efficiencies for Manufacturer A. Moving towards a batch specific ordering process required a different sourcing strategy and relationship with suppliers, closer collaboration in the supply chain and a move towards partnership sourcing.

Interviews during 2009 were useful in understanding the dominant forces within the manufacturing organisation and establish changing trends which affected specific business functions such as purchasing, marketing and operations. During the visits to Manufacturer A in February, 2010 and March 2010 changes were noted to the business culture. These seem to be driven by changes to strategy and structure. Therefore, to gain a deepened understanding of the organisation's strategic orientation the Managing Director from Manufacturer A was emailed in August 2010 and asked to distribute 15 questionnaires to employees across business functions within the organisation. Participants were asked to rank in order of relevance (1 Low – 3 High) and expound on customer orientation, competitor orientation and functional orientation (focusing on marketing, purchasing and production orientations) for their organisation. Twelve of the forms were completed and returned by post. All respondents ranked customer orientation as 3 - high relevance. Competitor orientation and functional coordination were both ranked 2 - medium relevance. Nine of the twelve respondents wrote on the questionnaires that functional coordination needed improvement within the manufacturing firm. When asked why functional coordination needed to be improved, the anonymous responses were written as follows:

- *“The recession puts pressure on each department and the natural reaction is to concentrate on one's own department”*
- *“We need a more constructive, team driven decision making process based on better sharing and understanding of customer and market needs/ in a recession reshaping and resizing of the business together with supply chain challenges bring conflicting pressures in the various functions of the organisation”*
- *“Reduction in staff across functions during the recession increased workload and pressure to achieve objectives quickly and react quickly to market changes”*
- *“Operating in a reduced market, the overheads increase; need to communicate and appreciate market demands in addition functional and departmental objectives”*
- *“Conflicts arise due to lack of understanding of other constraints/ emphasise and manage goal congruence/ improved communication/ cutbacks can cause conflict over short term goals”*
- *“Recession brings so many challenges put on the business that covers all areas of the business regarding product volumes, costings and supply chain issues, etc.”*
- *“Technical and cultural barriers to increase integration...cultural barriers are hardest to address in a recession consumer focus is more difficult economic drivers such as interest rates and jobs security which can have both negative and positive effects on business existing research and behaviours modelling can be reduced in value or even made irrelevant by these changes, lack of up to date information available”*
- *“The need for change to meet customer needs and hence sales will create a strain on individual functions in a time of recession”*
- *“The recession costs -in any recession people have to be removed”*

It can be seen from these responses that during the time of surveying in July 2010 there was a strong consensus that internal information sharing through effective collaboration across business functions needed improving. The responses implied that Manufacturer A was focused on a marketing orientation

by delivering short term strategies and pleasing the customer at any cost to the business. This was perhaps not surprising given the severity of the economic challenges being faced at that time. However, managers were struggling to cope with a reduced workforce that created added pressure for existing employees when meeting sales and production targets. This increased pressure and interfered with teamwork leading to silo thinking across business functions with managers of these business functions (marketing, purchasing and operations) almost competing against each other.

## **5.2 Manufacturer B**

Face-to-face interviews with Manufacturer B were carried out during February 2009, April 2009, July 2009, October 2009 and April 2010 with the Managing Director, the Sales Director, the Marketing Director and the Commercial Director. The interview discussions held during January 2015 are detailed later in this chapter. The case company, Manufacturer B was selected for the study due to its experience, the company is the longest established caravan manufacturer in the UK, and the fact that it is the second in market share in the sector. Interview discussions with Manufacturer A and Manufacturer B suggested that in 2009 this manufacturer supplied 30% of the annual UK touring caravan market whilst also expanding its export market across Europe. The original Owner/ Manager in 1948 set basic principles for shaping the business which included ensuring the best design, quality, comfort and affordability. These have remained key drivers when introducing new innovations to the market. Interviews with two company participants were formally structured sessions with set time scales which was in complete contrast to the format of interviews with Manufacturer A, where meetings were less formal and varied in terms of time taken, dependent on the level and intensity of discussions underway. The visits to Manufacturer B involved interviews with two representatives, and tours of the production, storage and logistics facilities. The third interview participant was interviewed at an industry show and later contact was maintained by email.

Manufacturer B utilised a single automated production line, capable of producing 220 Caravans per week, or approximately 40 Caravans per day, at a cycle time of about 12 minutes<sup>49</sup>. The follow up interview in January 2015 revealed there were fourteen stages in the production process but this was expected to reach twenty six stages with the launch of a new production programme in 2015 (Email correspondence, February, 2015).

The following challenges were identified during the interviews between 2009 and 2010:

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<sup>49</sup> (TAKT time: 40 Caravans x 12 minutes = 480 minutes divided by 60 minutes = 8 hour day)

- **Major Supply Chain Challenges**

*What are the current issues for the UK touring caravan industry? Does this differ from those of your organisation?*

In contrast to Manufacturer A, Manufacturer B highlighted five issues affecting the UK touring caravan manufacturing industry. These included intensified levels of competition, the switching of power in the industry supply chain, persistent quality issues, the need for more innovation and challenges with forecasting. Each area is now discussed.

***Intensified Industry Competition*** - Interview participants emphasised contraction in the supply base affecting the level of competition for Manufacturers, sub-assembly and component suppliers. Competition was considered crucial to the industry's future sustainability and the view of these participants was there needed to be more entrants entering the market. Difficult economic trading conditions between 2008 and 2010 had forced many important suppliers out of business which made the caravan industry seem vulnerable due to the limited number of available specialist suppliers for the UK Touring Caravan Manufacturing industry.

***Switching of Power in the Supply Chain*** - Power was emphasised as an important aspect which needed constant monitoring and management for improving and strengthening the UK Touring Caravan Manufacturing industry supply chain. Traditionally, it was felt that manufacturers dominated the supply chain and led new innovations for the industry. The formation of a retail conglomerate in 2009 had challenged this leadership and tried to create a new lead within the supply chain through its buying power and company size.

***Quality*** - Participants accepted that product quality remained an issue, which was extended to all manufacturers in the industry. The challenge for manufacturers was to create a lightweight vehicle for towing using a body shell material which prevented water ingress. This was a major challenge for all manufacturers, not just Manufacturer B.

***Innovation*** - At the time of interviewing, in 2009, an innovative construction system was being patented by Manufacturer B which offered greater thermal features enabling the customer to use the caravan all year round. The participants emphasised this was a major breakthrough in engineering and technological advancement for the industry. The challenge of this innovation was the costs incurred in its development. This was a large scale project involving marketing, operations and purchasing departments and it was hoped it would revolutionise the way caravans were manufactured in the future.

***Forecasting*** - In trying to understand historical patterns in demand for new touring caravans, Manufacturer B had conducted their own analysis of the production figures over a forty year period. They recognised that repeating pattern of highs and lows in demand levels, as shown in Figure 4.4, were

similar to a production trends in the shipping/yachting industries. Interview participants felt that a long history of recovery periods for the touring caravan manufacturing should bring sufficient optimism that the industry would be able to recover in the longer term.

- **Changing Trends in Demand Patterns**

*Do you envisage changing patterns of demand for caravans and if so how will this impact the operations?*

Interview participants felt that a major benefit for the UK touring caravan manufacturing industry was the broad range of supplier sizes with a cross representation of mostly smaller businesses but some larger organisations too. In addition, Manufacturer B boasted about the supply chain capabilities and experiences which had been driven by Owner/Managers of supplying businesses but later passed through generations of family owners. Concern was raised by participants about what might happen in the near future as many senior managers in the industry were near retirement age; how would this affect the supply market and culture of the industry if family businesses were sold to city investors outside of the industry.

**Uncertainty** - it was emphasised during the interviews in 2010 that supply chain members remained cautious: the recent loss of a large retail conglomerate added to the supply problems with a flux of finished products in the market; this had resulted in lower demand for new manufactured goods and further reduced market penetration leaving many areas of the UK without a dealer network for this brand of newly manufactured caravans.

**Resource Capabilities** - the interview participants agreed this was largely a cottage industry which was wholly reliant on strong relationships and relationship marketing;

**Change** – Interviewees from Manufacturer B emphasised that the industry's culture prevented any fundamental changes happening quickly. Participants felt the industry as whole was slow when responding to change with traditional and historical working methods and processes evident. An example was provided with the product life cycle. Traditionally, new touring models were launched annually at a Lawns event in August in preparation for the October shows in NEC, Birmingham. Manufacturer B was attempting to move away from this long held tradition.

- **Strategy**

*Which other industry business model/s do you reflect upon when designing the organisation strategy?  
How does your organisation achieve value?*

**Business model** - this case company did not feel that applying auto industry principles was impossible, but previous efforts had focused too much on creating power in the supply chain and completely missed the crucial buyer/supplier relationship element within the industry's structure.

**Supply Chain Integration (through ownership)** – this case company did not feel vertical supply chain integration through merger or acquisition was a likely future strategy for the industry due to the low volumes of products produced. Similar to Manufacturer A, the Commercial Director for Manufacturer expressed disapproval of it happening again in the future, stating that the industry needed more competition and new entrants to the market; not further consolidation of an already condensed market.

**Inventory Control** - interviewees emphasised that Manufacturer B was technically a touring caravan assembler, not a manufacturer. It offered customers 4 product ranges with 31 variations with ready-made components being assembled on an automated production line. There was strong evidence of a production orientation driven by standardised production process, attention to quality assurance and the sourcing of standardised components. The automated production line was introduced to remove or reduce the bottleneck areas to ensure a smoother flow of products passing through the production plant. This single production line was supported with teams of six employees at each stage of production; each series of installations was bar-coded to the fitter as a quality measure. Use of satellite stations was felt to be an effective way to bring process control straight to the production line.

- **Operations**

*What are the key challenges facing the production teams in the current trading environment?*

Manufacturer B identified six key challenges facing the production teams. These included recruitment structuring and retaining staff, increased demand from marketing for higher levels of product customisation, managing innovation, planning and scheduling fluctuating demand levels, managing flow of information and flow for smaller batch quantities and implementing lean systems.

**Managing People** – at the time of the interview programme, Manufacturer B employed 200 full-time staff and an unspecified number of agency staff. Employees were offered “*higher than average*” salaries for non-skilled workers, but similarly to Manufacturer A, Manufacturer B deployed performance related pay systems. The size and scale of the operations allowed all operating units to work closely together. Administration and supervising teams were located near to the production line with offices having large windows with views of the production facility. Senior management promoted regular team meetings for promoting a transparent team environment. This case company was proud of its low staff turnover and observations on the day of the visit indicated high levels of staff morale amongst the workforce at all levels. Manufacturer B utilised a flat hierarchal structure with emphasis on an autonomous culture, promoting ownership of daily responsibilities at all levels.

**Customisation** - standardisation of sub-assembly products such as cookers, fridges, etc. had made a positive impact on product cost, after sales servicing and warranty work. It was felt that the full economies of scale were not yet felt by the supplier. This case company offered a 24 hour parts guarantee for current models. Therefore, standardisation in newly built caravans was considered the most effective strategy to support this. Inventory was stored in-house and daily orders were received from key suppliers. In 2010, this company offered four product ranges with 31 variations in layout.

**Innovation** - A new computer aided design and computer aided manufacturing system (CAD/CAM) that was bespoke to this organisation being installed during the winter months of 2009/2010.

Manufacturer B regarded itself as one of the most innovative in the industry with a new (since 2010) patented Alu-Tech body shell construction system which prevented water ingress and was designed for improving product quality leading to fewer maintenance and repair costs. For the customer this innovative material offered improved thermal features making the touring caravan suitable for all year round caravanning.

**Planning** – similar to Manufacturer A, demand forecasting was managed over a 3-4 month cycle which relied on information being taken directly from communications with dealer networks and sales teams. Participants quoted a 6-7 week lead time on individual orders received from the end customer. At the time of interviews in 2009 and 2010, approximately 40 caravans were assembled each day using the single piece automated production line, with an average of 150 caravan units being produced per week. Maximum capacity was quoted as reaching over 200 caravan units per week. Finished goods have been dispatched within 24 hours. There were 7,000 units forecast for 2009 though this figure was expected to be less for 2010.

**Flow** - The bill of materials (BOM) was used to control stock levels throughout the operation though participants of this case company did not feel it was necessary to utilise an MRP system for managing inventory or raising purchase orders. Stock audits were carried out quarterly and during the interviews there was very much a feeling of tight central control by the senior management which was based purely on experience and industry knowledge. One of the challenges observed with this company was operating through a single piece flow system which meant that batch quantities had to be kept low to prevent customer orders being delayed. There seemed to be a trade-off between increasing batch sizes to simplify ordering of parts and benefiting from economies of scale and reducing batch quantities to reduce customer lead times.

**Lean operations** - a city location with high land costs and rates had resulted in buildings and space becoming limited for this firm. A recent new purchase of nearby land was ready for future expansion in approximately one year's time (2011) when there was hoped to be more stability in the economic

climate. Space restrictions were considered to be a major advantage during the economic downturn; there was minimum room for storage and only one production line utilising kanban systems. The production plant utilised a single piece flow system which enabled easier identification of stocking or quality issues.

- **Purchasing**

*How has the role and importance of purchasing changed (if at all) during this difficult trading period?*

The interview programme revealed five major areas for strategically elevating the purchasing function.

**Structure** – the purchasing structure was informal but during the interviews it became clear that the process was driven by the senior management team. The Managing Director made reference to procurement throughout the interview discussions.

**Inventory Control** – MRPII systems were not considered necessary for this case company due to an Assemble-to-Order (ATO) production strategy and low volumes being produced. Instead, batch specific parts were pulled through from suppliers as and when required with the responsibility and cost of sorting placed firmly with the supplier. Daily, rather than weekly deliveries added cost to the purchasing of each part, but this was defended by interview participants as offset by the reduced holding cost of wide variations of parts and saved in-house production costs.

**Supply Chain Relationships** – interview participants felt the economic recession had fundamentally shaken the relationship strengths of the industry: the individual pressures for firms and business functions to reduce internal costs and drive efficiency, and the contraction in the supply market placed strain on relationships between the manufacturers and suppliers and manufacturers and retailers: there was now greater emphasis on formal written contracts which in some cases had created tensions in the supply chain; previous verbal and less formal written agreements were purely based on high levels of trust.

**Purchasing innovation** – Interview participants emphasised the importance of improving procurement performance and skills for driving innovation forward through a purchasing orientation approach, meaning that purchasing was placed at the forefront of new product design and in the materials being sourced. *“The potential logistic / productivity benefits that Product X<sup>50</sup> will offer across the whole procurement and manufacturing processes are enormous - but I'm sure you'll work that out pretty quickly!”* (Email correspondence: 09/10/09). What was implied by this comment was the whole life costing implications of the touring caravan being produced. The new Alu-Tech construction system which prevented water ingress was designed for improving product

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<sup>50</sup> The brand identity of this manufacturer has been removed in line with the pre-interview confidentiality agreement with all interview participants

quality leading to fewer maintenance and repair costs. The high investment costs in designing this new thermal material would be recovered through economies of scale, so patenting the material and utilising it across every product, in the touring caravans and motorhomes range, which would help to spread the costs.

**Commodity Price Fluctuations** - further challenges emphasised by interviewees included price fluctuation of materials, such as aluminium, copper and oil which affected narrowing profit margins. In some instances this meant margins had been reduced by half to absorb inflation costs.

- **Marketing**

*How important is marketing to remain competitive within the UK touring caravan manufacturing industry? What are the key challenges of satisfying customer demand?*

**Product Life Cycles** - The content of the discussions with Manufacturer B indicated a shift from being production orientated to becoming market and process orientated. 70% of its custom was repeat business, with customers buying to upgrade current models of caravans. With this confidence of long held brand reputation evidenced by the loyalty of its customers, in 2009, Manufacturer B made the decision to reverse the industry tradition of introducing new models annually in August. Instead, Manufacturer B started to introduce new models “*when the market drives the old one out*”. The market orientated approach was defended by interview participants as more effective for smoothing operations and improving capacity levels in ensuring Takt times were optimised for production efficiency: reducing variations in demand.

**Product Marketing** – trade shows were felt to be critical for the industry; these were [and still are] held twice a year and usually timed with new product launches by manufacturers. The internet was also emphasised as a vehicle for growing the brand and providing opportunity to share manufacturing innovations with the customer in an attempt to educate the customer with new products and materials being introduced.

**Increasing Customisation** - the market and competitor environment was becoming increasingly challenging, forcing higher levels of customised products. This placed additional pressures on marketing, operations and purchasing functions.

**Resilience** - interview participants emphasised the need for both their organisation and the companies within the industry supply chain to build in more resilience for preventing the kind of problems again that had been experienced since 2008. Participants felt that the supply base needed to expand and diversify and by 2010 Manufacturer B were exploring new sourcing opportunities outside of the UK and Europe.

**Discounting** – Manufacturer B strongly opposed to resorting to a discounting price strategy for increasing sales volume. Narrowing margins relied on higher volume sales which meant this would be a dangerous and unsustainable strategy. Participants noted this was the strategy for some of its manufacturing competitors and dealer networks were encouraged not to follow this strategy.

**Relationships and trust** - Participants further emphasised that the industry was reliant upon relationships and trust. During interviews and participant observations there was an impression that there was strong loyalty amongst the touring caravan manufacturing industry supply chain members. However, participants for Manufacturer B stressed this may present barriers to entry for new players in the caravan market. Concern was raised that the UK touring caravan manufacturing industry was contracting instead of growing which meant there was insufficient competition in the supply chain. However, participants did feel that the industry was collectively using the existing relationship strengths for improving inter-firm collaborations. This relationship orientation was evident when the industry members were forced to collaborate for overcoming credit insurance issues. At the height of the credit problems industry supply chain members were invited for round table discussions where an open and honest dialogue was encouraged, discussing finance issues and concerns. For example, suppliers who felt they may be experiencing cash flow problems were reliant on the manufacturers to settle invoices on time or earlier than had been previously agreed. This cooperative and coordinated approach meant the industry had to pull together and collaborate where possible rather than focusing on driving efficiencies within their individual supply chain echelons or businesses.

### 5.3 Retailer Perspective

In addition to the interviews with Manufacturer A and Manufacturer B, discussions were arranged with two retailers and two suppliers, all of which were either customers or suppliers of Manufacturer A and Manufacturer B. The purpose of these interviews was to verify the findings from the manufacturer interviews and gain a deepened insight to the real life challenges being faced within the UK touring caravan manufacturing industry supply chain. Hence, the format for these findings has been slightly relegated in comparison to the manufacturing case findings and is captured in Table 5.2.

INTERVIEW QUESTIONS	RETAILER A (April, 2009, October, 2009, February 2010, October 2010, February 2012)	RETAILER B (October 2009 / February 2010 / October 2010 / February 2011)
Major Supply Chain Challenges <i>What are the current issues for the UK touring caravan</i>	<i>Supply Market Competition</i> - a key challenge thought to be facing the industry is a lack of competition in the supply market affecting the sales and supply of both new and used touring caravans. This was partly due to the loss of two	<i>Lead times</i> – the main supply chain challenge identified with this case company was availability of new touring caravans. The importance of industry shows was emphasised; these were held twice annually but as a retailer it was frustrating to take orders for new touring caravans which would

<p><i>industry? Does this differ to those of your organisation?</i></p>	<p>Manufacturers which had led to the closure of many suppliers.  <i>Confidence</i> - lack of confidence by industry members was emphasised during the interviews as a worrying and on-going concern. Participants predicted this to be a major challenge for industry supply chain members in remaining positive when sales levels were struggling and so many companies were struggling for survival or going out of business.</p>	<p>not be fulfilled for 8-12 weeks after the order was placed.  <i>Power &amp; Inventory</i> – interviews revealed a general impression that there was a power struggle taking place between manufacturers and retailers. There was a debate about inventory levels of finished touring caravans and transferring risk in a volatile market. Retailer B felt strongly that Manufacturers should be responsible for holding inventories of touring caravans so that lead time was reduced and customer orders could be quickly fulfilled.</p>
<p>Changing Trends  <i>Do you envisage changing patterns of demands for caravans and if so how will this impact the operations?</i></p>	<p><i>Social Change</i> - social and cultural changes were perceived by Retailer A to be severely affecting the long-term demand for caravans and possibly threatening the future of the industry. Customers’ life style changes meant those customers holding professional careers needed weekends for domestic duties such as shopping and other chores leaving little time for leisure. Caravan retailing had historically relied on Saturday and Sunday as peak trading times in the week. This pattern in sales was changing.  <i>Climate</i> – Retailer A emphasised that the caravan sales were vulnerable to changes in the UK weather the British weather. Global warming seemed to be taking effect with the UK summers seeming to become shorter, forcing British holiday makers to travel overseas.</p>	<p><i>“It is a great industry which is ripe for change”</i> (Email correspondence: 09/10/09)  <i>Online retailing</i> – Retailer B held a strong view that to survive the industry as a whole needed to change and become more <i>“commercial in its approach”</i>. This meant introducing innovative marketing strategies for embracing online retailing.  <i>Product diversity</i> - Retailer B felt the touring caravan product portfolio needed diversifying for optimising new leisure market opportunities. For example, touring caravanning could be linked with other hobbies or sports as pastimes.  <i>Customer lifestyles</i> – the manufacturers needed to better understand the changing lifestyles of customers.</p>
<p>Strategy  <i>Which other industry business model/s do you reflect upon when designing the organisation strategy? How does your organisation achieve value?</i></p>	<p><i>Business model</i> – Retailer A completely dismissed auto industry principles as relevant for the touring caravan industry due to the differences in the volume produced and product manufacturing processes.  <i>Relationships</i> - the strength of the caravan industry was considered to be reliant upon firm business relationships. Retailer A emphasised that a strong loyalty existed amongst people within the industry which he felt could represent barriers to entry for new players into the market. Trust and reliability were considered to be key characteristics for industry members, and this supportive culture extended to the end customer.  <i>Extended Supply Chain</i> – Retailer A felt that the links to caravan parks and providing customers not only with a product but a holiday experience was a value adding service. At the far downstream end with caravan park bookings, the end destinations and availability of sites for caravan owners/clubs, etc. had reached a high level</p>	<p><i>Choice and Availability</i> - Retailer B focused on offering product choice and product availability as value adding and a source of differentiation from other retailers.  <i>Knowledge and experience</i> Industry knowledge was also an important factor. Employing experienced professionals within the industry meant that this knowledge was transferred to the customer when making a choice for new products.  <i>Power in the supply chain</i> - perhaps one of the most significant moves from this case company was the intention to switch the balance of power away from the Finished Goods Manufacture to downstream in the supply chain. An email response from Retailer B emphasised the role of the customer and the importance of achieving customer satisfaction, not just for survival but for sustainability.  The participant further quoted Theodore Levitt: . <i>“Let us start at the beginning — the customer”</i> (Levitt, 1960, p. 53) and <i>“In every case the reason growth is threatened, slowed, or stopped is not because the market is saturated. It is because there has been a</i></p>

	during 2009 (40-60% rise on previous 2008). This highlighted two things: a shortage of caravan parks and the more frequent usage by caravan customers taking more short breaks rather than one annual holiday.	<i>failure of management</i> " (ibid.p.45). These messages were emphasised by Retailer B as important lessons to remember for surviving the economic recession period.
Operations <i>What are the key challenges facing the production teams in the current trading environment?</i>	<i>Quality</i> – Retailer A perceived that quality remained a great problem and cost to the industry. For the retailer this added warranty cost and time was damaging the reputation of the industry and the individual brands of Manufacturers. <i>Inventory</i> – as manufacturers increased customisation in touring caravan designs it was becoming increasingly difficult to plan and manage inventory. Holding full product ranges was costly and carried high risk due to the annual launch of new products making the previous year's designs quickly outdated and sales dependent on discounting. This affected retailer margins.	<i>Quality</i> – Retailer B emphasised quality issues with touring caravans. Despite regular feedback to manufacturers, quality issues with caravans continued to incur significant cost in the supply chain through warranty work, PDI checks and repairs. The major reason identified in quality failure was damp, when water ingressed into the woodwork or structural joints of the caravan. Retailer B feared poor product quality would damage the customer experience, affecting the reputation of industry members: " <i>If you pay almost £20,000 for a new caravan and it spends most of the summer months being repaired in the workshop you wouldn't accept it would you?</i> " (Participant face-to-face interview, 2009).
Purchasing <i>How has the role and importance of purchasing changed (if at all) during this difficult trading period?</i>	<i>Supply Shortages</i> – the purchasing manager stressed that reliability for delivery of small components/ after sales spare parts had become increasingly difficult during the economic recession period. The industry had lost so many suppliers that spare parts were increasingly difficult to source.	<i>Purchasing Power</i> – Retailer B felt the greatest challenge was the rise of internet shopping which was creating great challenges for the industry to remain competitive on price. This was especially relevant for caravan accessories which were an important source of income for retailers. Caravan customers were described as increasingly savvy and prudent when it came to spending.
Marketing <i>How important is marketing to remain competitive within the UK touring caravan manufacturing industry? What are the key challenges of satisfying customer demand?</i>	<i>Price</i> – Retailer A noted higher demand for luxury caravans. Historically, the average price paid was between £13,000 and £15,000 but there was a growing market for either top of the range for existing caravan owners or low cost caravans attracting new customers to the market. <i>Technological change</i> – increased reliance on the internet for shopping had forced cultural and operational changes for retailers. The rise in internet usage was perceived to be placing a substantial negative impact on used caravan sales. Sales of new caravan products relied heavily on part exchanges, but the rise of E-Bay meant customers were relying less on dealer networks such as Retailer B and increasingly trading their used caravan online. On the upside, Retailer B noted more cash sales with less discounting demanded. <i>Confidence</i> - Retailer A stressed the importance of bringing back optimism and building confidence across the industry.	<i>Pricing Strategy</i> - the caravan accessories market was being threatened with the rise in high street discount retailers such as Pound Stores or Thrift Stores offering housewares at low cost. This threatened specialist suppliers and retailers which were not price competitive. <i>Internet Growth</i> - The internet had become a convenient price comparison tool affecting customers' perception of value. This meant there was great pressure on caravan retailers to adjust their supply chain design, supply network and sourcing strategies. <i>Stigma and Image</i> - in general, issues with quality and fair pricing have long since challenged this industry's ability to remain sustainable, operating under the current business model. Retailer B claimed to revolutionise this by driving changes in the supply chain to make British caravanning a more popular pastime supported by an industry which was becoming more customer focused.

**Table 5.2:** Retailer A and Retailer B – Key Findings from Interview Discussions

## 5.4 Supplier Perspective

Utilising a similar format to the presentation of retailer interviews, supplier interviews are captured in Table 5.4.

INTERVIEW QUESTIONS	SUPPLIER A (March 2009 / October 2009)	SUPPLIER B (March 2009 / October 2010)
<p>Major Supply Chain Challenges</p> <p><i>What are the current issues for the UK touring caravan industry? Does this differ to those of your organisation?</i></p>	<p><i>Restricted Finance</i> - at the time of interviewing finances were supplied by a single finance company which in 2009 brought a stop to commercial borrowing and credit insurance. This severely affected cash flow for retailers which meant that manufacturers were not able to distribute pre-ordered and finished caravans until retailer credit lines were cleared. This left troublesome bottlenecks in the supply chain.</p> <p><i>Supply Market</i> – Supplier A was concerned about supply market gaps which urgently needed filling for maintaining caravan production.</p>	<p><i>Supply Market</i> – Supplier B felt that the major supply chain challenge facing the UK touring caravan industry was the vulnerability of the upstream supply base (tier 2/3). Suppliers upstream were in many cases specialist and 100% reliant on the caravan industry which during a period of hardship made them vulnerable, forcing many into administration.</p>
<p>Changing Trends</p> <p><i>Do you envisage changing patterns of demand for caravans and if so how will this impact the operations?</i></p>	<p><i>Partnerships</i> - new partnerships were being created with manufacturers for improving collaboration and information exchange in the manufacturing supply chain</p> <p><i>LEAD times</i> – the longest lead time was quoted as 8 weeks for parts. Many of the parts were manufactured using a make-to-order strategy. This long lead time was expected to continue due to a higher number of parts being manufactured in China.</p>	<p><i>Global Scale Recession</i> - the economic recession was emphasised by Supplier B as presenting many operational and purchasing challenges across the touring caravan industry supply chain. Retailer B noted that this trend was affecting other industries, not just caravanning. The boating and yachting industries were mentioned as experiencing similar challenges, in this respect, to the caravan industry.</p>
<p>Strategy</p> <p><i>Which other industry business model/s do you reflect upon when designing the organisation strategy? How does your organisation achieve value?</i></p>	<p><i>Growth</i> - reliability and continuous improvement were key aspects of the corporate mission. A relatively young company, this organisation played a critical role in supporting the industry with parts for caravans being manufactured.</p>	<p><i>Innovation &amp; Growth</i> - the focus of Supplier B was to maintain the supply of well-built, high quality and innovative products for driving growth of leading brand names in their respective categories.</p> <p><i>Business Model</i> - the interview participant felt auto industry principles were already happening in the caravan industry with the use of envoys to support manufacturers. However, quality improvement remained a priority for all supply chain members.</p>
<p>Operations</p> <p><i>What are the key challenges facing the production teams in the current trading environment?</i></p>	<p><i>Supply Chain Flows</i> - reliability was increasingly difficult to achieve because of the knock-on effects of the trading climate which was forcing many small suppliers out of business.</p> <p><i>People</i> - this organisation prided itself on low staff turnover and high morale amongst staff members. Supplier A focused on managing its people. This was</p>	<p><i>Rationalisation</i>- the interview participant felt there was a desperate need for manufactures to rationalise the product ranges and standardize parts to reduce complexity in the supply chain. Examples suggested included cooking units, shower units and fridges. Low volume manufacturing in the caravan industry meant that suppliers faced a trade-off between</p>

	<p>evidenced during the visit by staff rest rooms, television and sports facilities and the fact that a common lunch break was taken which provided an opportunity for everyone to socialise away from the desk.</p> <p><i>Aftersales</i> - supplying the aftermarket was becoming increasingly complex due to the number of product variations. This made the ordering process complex and increased the need to hold high and unnecessary inventory levels which increased risk. .</p>	<p>remaining price sensitive and being innovative offering high quality spare parts. When demand levels were reduced, there was a pressure driven by the manufacturers for the supply base to remain innovative yet investment capital to enable this was becoming limited. Suppliers were faced with the product versus process dilemma spelled out in Chapter I knowing whether to invest resources in innovating processes to improve quality or innovating product to stimulate the market.</p>
<p>Purchasing <i>How has the role and importance of purchasing changed (if at all) during this difficult trading period?</i></p>	<p><i>Off-shoring</i> - as this supplier was an importer of ready-made products the main issue, perceived by the interview participant, that was affecting purchase decisions was the increasing number of parts being sourced from China driven by the £/Euro issues.</p> <p><i>Fluctuating currency rates</i> were highlighted as problematic as many critical and expensive caravan components were sourced from other European countries, such as Italy.</p> <p><i>Global sourcing</i> was criticised as often bringing more problems to the industry supply chain than benefits. The management of these supplier relationships was emphasised as an area which needed developing strategically. Are parts. For example, latin cultures were noted for their different perceptions for the matter of urgency. The delivery times for ordering spare parts seemed to be getting longer, not shorter. This was becoming problematic for the suppliers in the UK to manage in ensuring manufacturers' and end customer expectations were being met.</p>	<p><i>Outsourcing and Off-shoring</i>- the recession led to a condensed supply market leaving mainly larger players. Supplier B felt that limited industry capabilities and resources were threatening long term growth plans for the industry in terms of remaining innovative by process and product. At the time of interviewing, Supplier B manufactured half their products in-house, but felt cost pressures and lowered demand levels would force a higher need for outsourcing. In the case of fridges and cookers almost 100% of products were outsourced with locations considered as far as China. This was very much a cost driven supply chain decision.</p> <p><i>Trust and reliability</i> were considered by Supplier B as important cultural traits in this organisation. However, it was perceived as difficult to manage at industry level, especially in 2009. The interviews revealed there had been a breakdown in communication between manufacturers, suppliers and retailers during this time. Each organisation was focusing on their own goals rather than pulling together as an industry.</p> <p><i>Relationships</i> – in contrast, Supplier B felt that in more stable conditions, this industry could be characterised by strong loyalty amongst industry members. This was emphasised as representing barriers to entry for new players into the market which was urgently needed.</p>
<p>Marketing <i>How important is marketing to remain competitive within the UK touring caravan manufacturing industry? What are the key challenges of satisfying customer demand?</i></p>	<p><i>Supply Market Complexity</i> - market driven demand led to high complexity within the supply market. Supplier A was in discussions with manufacturers to try to reduce complexity for easing the aftermarket challenges. An example provided was windows: In 2004, 4,000 units were in stock. In 2009, 14,000 units were needed to ensure sufficient servicing to the aftermarket. This increase was due to design variation (approx 8 different windows required per caravan manufactured).</p>	<p><i>Globalisation</i> – Supplier B emphasised the need for the UK Touring Caravan Manufacturing industry to optimise the global opportunities which existed within the supply market.</p>

**Table 5.3:** Summary of Interview Findings with Supplier A and Supplier

### **5.5 Second Stage Interviews with Manufacturer A and Manufacturer B**

The interview feedback from six case companies has highlighted numerous organisational and supply chain challenges which have affected the supply chain flows both within the individual case companies but also the UK touring caravan manufacturing industry supply chain as a whole. The definitions provided in Chapter II and the subsequent formation of RQ1 and RQ2 prompted the need for more in-depth understanding of the interdependent role between three supply chain business functions: purchasing, marketing and production in the manufacturing business. Therefore, in gaining a better appreciation of how SCO supported SCM and in understanding how SCO should be applied as a strategic orientation, further interviews were undertaken in December 2014 and January 2015. Prior to presenting these findings a reminder of RQ1 and RQ2 is as follows:

- **RQ1: How does supply chain orientation support supply chain management?**
- **RQ2: How may supply chain orientation be applied as a strategic orientation?**

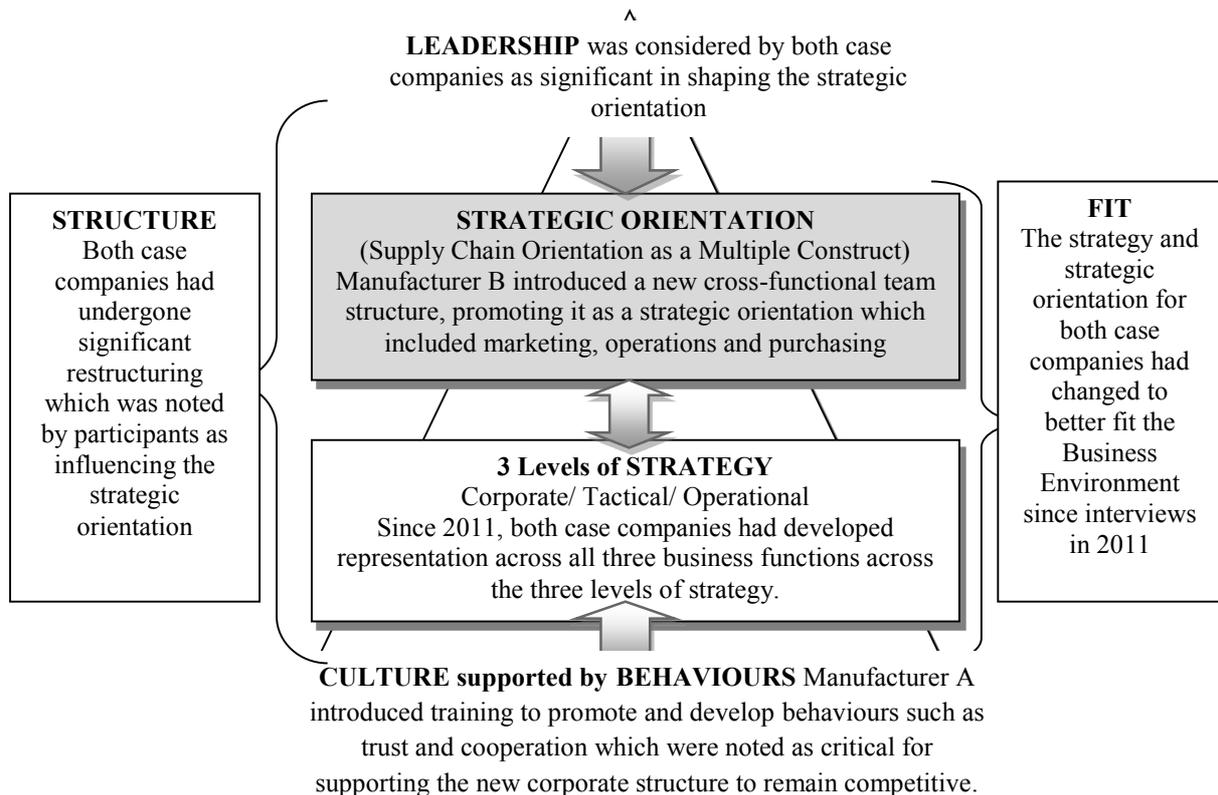
The core purpose of these second stage interviews with Manufacturer A and Manufacturer B in the UK touring caravan manufacturing industry was to explore how the three business functions, purchasing, marketing and production were strategically elevated, structured and configured as part of the manufacturing firm's supply chain orientation. This additional interview data was useful for testing the new findings against the research model presented in Figure 2.19 in the conclusion for Chapter II. These interviews were aimed at gaining a deepened understanding of how the proposed conceptual model could lead to a better understanding of the manufacturers' supply chain orientation.

As noted in Chapter IV, the strategy and plans for these interviews were quite different to the interviews which took place between 2009 and 2011. Instead of utilising semi-structured questionnaires, during the second stage interviews a toolkit which was adapted from the literature findings was utilised. The three tools were used to assist the interviews; these have been introduced in Chapter IV and include:

- The Strategic Orientation Pyramid (introduced in Chapter II)
- The Strategic Orientation Configuration Tool – representing the three business functions: purchasing, marketing and production (developed from Chapter II).
- The SCO Research Model (introduced in Chapter II) focuses on specific variables highlighted as important supply chain behaviours.

### 5.5.1 Activity 1 - The Strategic Orientation Pyramid

The model taken from Chapter II was used in the opening discussions for inviting debate about how the manufacturer had been tackling challenges from the hyper-turbulent business environment since 2009 and more specifically, since the first round of interviews ended in 2011. A summary of these discussions is presented in Figure 5.2.



**Figure 5.2:** Activity 1: Applied version of the Strategic Orientation Pyramid proposed in Chapter I [Fig: 2.12]

These second stage interviews confirmed the period between 2009 and 2011 had been especially challenging, and importantly continued to be challenging, affecting the management of strategies and strategic orientations in the UK touring caravan manufacturing industry. During interview discussions, participants from both Manufacturer A and Manufacturer B emphasised the important influence of changes to leadership and management in the strategic orientation decision. Both manufacturing case companies had previously been family owned businesses and the manufacturing production had been

tightly controlled by a single Owner /Managing Director guidance within each case company. Manufacturer A experienced a full management buyout with the previous Owner/Managing Director remaining as executive Director. In the case of Manufacturer B, the shares of the business were transferred from single family ownership to shared family ownership allowing the existing directors to take full shared control of the business in going forward. These structural changes were believed by participants from both case companies to have significantly opened up opportunities for implementing radical changes to the business model.

**Strategy, structure and philosophy-** Participants in all interview sessions pondered over some of the concepts noted in Figure 5.2 raising questions about their meaning. This was especially relevant for corporate philosophy. The Strategic Orientation Pyramid was found a useful tool for helping to explain definitions for culture, philosophy and strategic orientation. Using the definitions provided in Chapter II, the concept of corporate philosophy was explained to interview participants as an umbrella term which accounted for *the knowledge held by senior management for solving new business problems* (adapted from Davis, 1958 and Borch, 1964). It was explained that this knowledge held at the senior level usually related to qualifications and experience in business functions such as those being emphasised in this research as purchasing, marketing or production. There was some discussion about the influence of leadership and the experience of the new management teams which determined the new strategic orientation. Both case companies had appointed a Commercial Director for overseeing key business functions such as marketing, purchasing and production in ensuring smoother capital flows throughout the businesses. Manufacturer B had created a **Product Development Team** which was structured to sit above and guide the traditional business functions such as design, purchasing, marketing and production. Whilst these were competing organisations, it seemed that this structural change in Manufacturer B addressed some of the issues highlighted by Manufacturer A in the first stage of interviews held in 2010: *“We need a more constructive, team driven decision making process based on better sharing and understanding of customer and market needs/ in a recession reshaping and resizing of the business together with supply chain challenges bring conflicting pressures in the various functions of the organisation”*.

The new business owners in Manufacturer B seemed focused on developing the areas of marketing and procurement which was without doubt influencing the new strategic orientation. Manufacturer B was focusing on bringing more expertise and knowledge to the purchasing function and enhancing its purchasing (termed by the participants as procurement) orientation.

**Market Orientation** - In terms of developing the market orientation, Manufacturer B was also focusing on growing the export market for new touring caravans; this was in response to the weakened customer demand in the UK. This shift towards developing the export market had been prompted by new

opportunities found in the supply market. The need to identify new or alternative suppliers had been driven by UK supply market challenges and a condensed supply market for spare parts and components between 2009 and 2011, which at times severely affected the smooth running of caravan production.

Manufacturer A had appointed a new marketing manager in 2013. This was commented on as a major step forward in corporate strategy and culture. Whilst marketing had always played an important role for this case company, the role was previously outsourced to a local agent. In the first stage of interviews between 2009 and 2011, Manufacturer A was noted as leading many initiatives for developing closer collaborative and integrative links with both customers and suppliers. The focus in marketing for marketing manager was in building on these infrastructures to develop the corporate brand for future business growth.

***Purchasing orientation*** - Manufacturer A appeared to have the tactical and operational processes and structures in place to support a purchasing orientation, however, this case company had not appointed a purchasing professional at Director Level. Discussions with all participants indicated they were aware of the necessary changes to strategically elevate the purchasing function but market and time pressures meant this strategy and structure was more difficult to put into place. Manufacturer A noted that whilst they accepted that purchasing needed to be strategically positioned in the business it was sometimes challenging due to the fast changing dynamics from the business environment. Participants explained that with tight resources meant that often decisions were still based on overcoming daily and weekly operational challenges rather than taking a longer term objective view in how strategic purchasing may drive the business forward as a strategic orientation.

In contrast, Manufacturer B already had senior level support for purchasing. Yet, this case company still needed to expand the purchasing team so that the purchasing processes could be developed for improved communication both inside the organisation and across the supply chain through the ordering process. This recruitment and restructuring indicated that all three strategic levels in purchasing (Fig. 5.2) would be addressed for re-shaping the organisation. Interviews were underway on the day of visiting to bring more senior purchasing professionals into the business to develop new purchasing systems which could be better integrated with the other business functions such as marketing, finance and production.

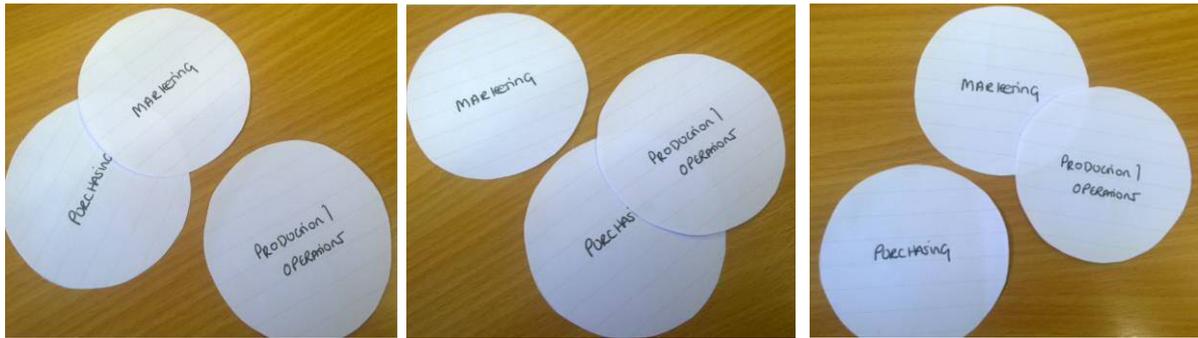
In an effort to stimulate and attract new customers to the touring caravan market, the discussions which took place in December 2014 and January 2015 indicated that both companies seemed to be improving the links between purchasing and marketing. This meant sufficiently strategically elevating purchasing in line with marketing which had by tradition represented the more dominant forces within both organisations.

**Production Orientation** - Both Manufacturer A and Manufacturer B had previously focused on the production orientation in improving production process and standardising of spare parts for greater economies of scale, keeping costs down. Quality assurance, whilst being significantly improved by both companies, remained a problem not just for these case companies but quality seemed to be a problem feature of the caravan product right across the industry. This was mainly due to issues with water ingress.

**Culture** - At the time of interviews in December 2014 (since the main interviews between 2009 and 2011), all staff in Manufacturer A were undergoing **training sessions** which focussed on behavioural aspects; participants felt this training was important for shaping the new corporate culture which would enable the company to innovate and grow. The training was focused on developing behaviours such as trust and cooperation across and within the business functions. Employees were encouraged to embrace change management as part of a new culture where employees were encouraged to lead, initiate and challenge old ways of doing things. These were noted by the Commercial Director as essential behavioural traits for driving the business forward. Manufacturer A noted these behavioural aspects as the most difficult to change, manage and maintain. This was stated as particularly problematic since the industry had gone through such a '*shake-up*' during the economic recession period between 2008 and 2012. This difficult trading period had resulted in some loss of confidence by employees for both Manufacturer A and Manufacturer B where interview participants emphasised that some employees were less accepting of radical changes being forced upon them. Bringing new people into the businesses to replace them meant bringing new knowledge and skills to the business which was reshaping the companies' strategic orientations.

### **5.5.2 Activity 2 - The Strategic Orientation Configuration Tool**

These discussions with interview participants were based on the adapted Venn diagram configurations featured in Chapter II. The figure was restated again as part of the methods in Chapter IV in Figure 4.13. The first stage interviews held between 2009 and 2011 indicated that the three business functions: purchasing, marketing and production seemed represented influential roles in both Manufacturer A and Manufacturer B for directing the organisations' strategic orientations. The participants were each invited to arrange the paper circles as exhibited in Figure 5.3 to represent their perception of coordination and collaboration across the three business functions: purchasing, marketing and production.



**Figure 5.3:** Cut out paper circles used for interview discussions

None of the participants from both Manufacturers A and B revealed similar configurations across the three business functions. This activity prompted some in-depth discussion as to why and how full synergy between these three functions as strategic orientations within the manufacturing organisations could affect organisational performance. The discussions also prompted participants to reposition the paper circles to show how strategic dominance was represented from within these three business functions within each case company.

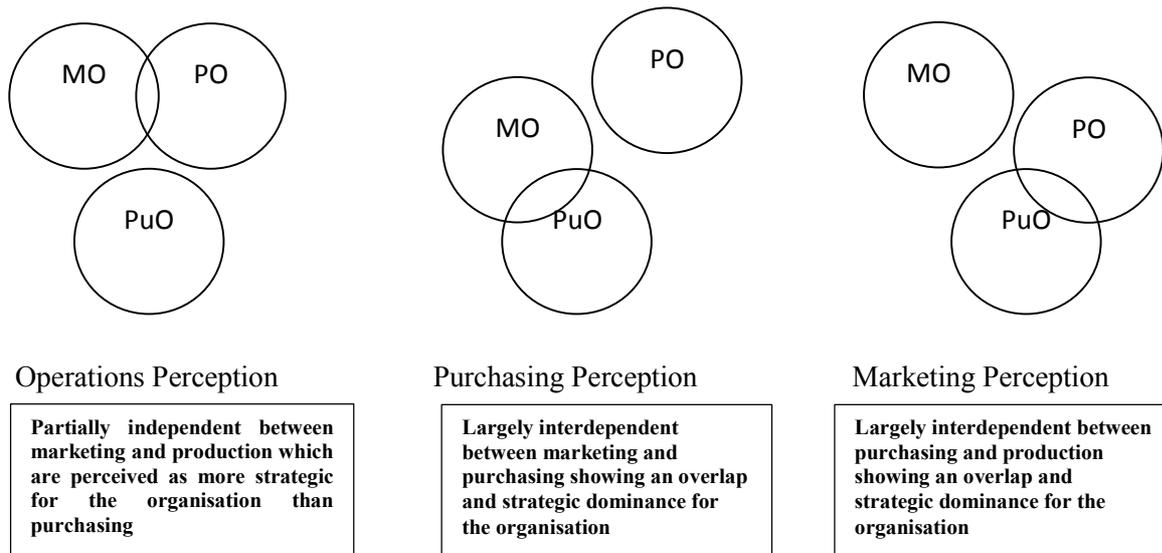
Participants from Manufacturer A and Manufacturer B recognised that ultimately there should be full synergy between all three business functions but stressed that this was difficult to achieve, especially in the current business climate which was still being described by participants as challenging to manage. Purchasing, marketing and production were acknowledged and agreed as the most relevant functions for supporting the manufacturing process or MRPII system thus making them key to the manufacturing organisations' success and strategic orientations.

A key but interesting observation from this activity was that all participants grouped the circles into one pair and one single 'floating' circle as shown in Figure 5.3. All participants from both case companies felt that two business functions had either partial or full synergy, which was exhibited by overlapping the paper circles on the table. Where the circles showed synergy participants indicated there were higher levels of cooperation and coordination between these function-based strategic orientations. Business functions which were displayed as showing no overlaps were explained by Manufacturer A as due to the location of their function offices. This geographical separation impacted the ease of coordinating function related activities such as ordering and expediting supplier and customer orders. In turn, this meant it was difficult to build a cooperative relationship between team members and leaders. In addition, market changes such as lowered customer demand or an increase in competitor innovation would influence the level of synergy. For example, in Manufacturer A when marketing requested design changes to the touring caravan based on competitor activity, depending on the extent of innovation, this

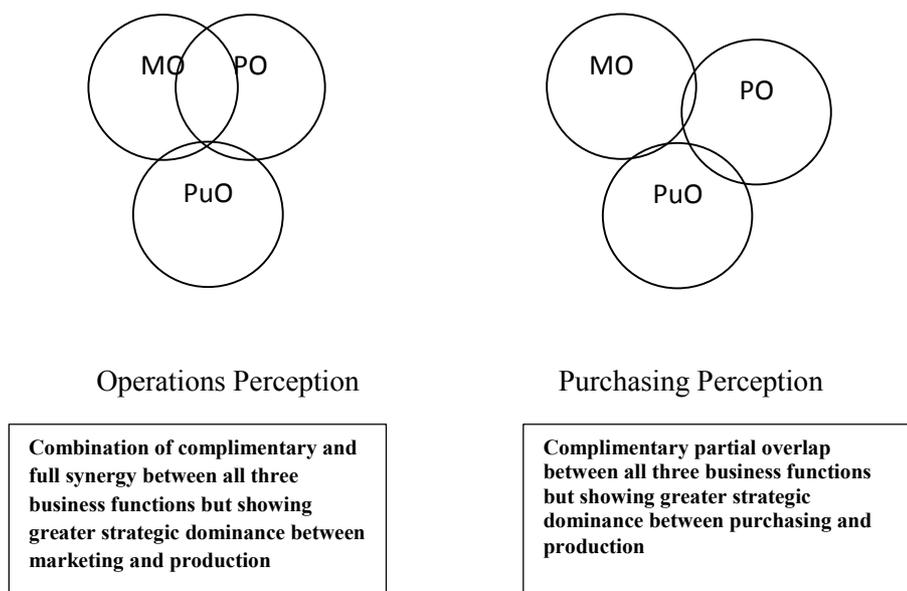
would mean working more closely with either production if it was a process development or purchasing if it was a component or material development.

Some examples of the configurations proposed by participants from the two case companies are exhibited in Figure 5.4.

### MANUFACTURER A - Interview Findings



### MANUFACTURER B – Interview Findings



**Figure 5.4:** Activity 2 - Perceptions of Configurations between Purchasing, Marketing and Production in Two Manufacturing Case Companies

Four key findings emerged from the discussions with Manufacturer A and Manufacturer B which verified some of the findings from the questionnaire distributed to Manufacturer A in the first stage of interviews: “*The recession puts pressure on each department and the natural reaction is to concentrate on one’s own department*”. These new findings revealed that different types of supply chain pressures impact the respective business function responsible for managing it, further forcing it to become more strategically orientated in the organisation. The four key findings are as follows:

- 1) Challenges occurring in the supply market affected the level of integration between the three functions in the case company. For example, when supply problems were prevalent, through suppliers falling into administration or problems were being encountered further upstream restricting the supply of product, this forced a greater need for synergy between the purchasing and production functions.
- 2) Challenges occurring in the retail market, such as merger activity or slowing customer demand, forced a greater need for synergy between the marketing and production functions.
- 3) When competitors released new innovations which threatened market share, this forced a greater need for synergy between marketing and purchasing functions.
- 4) The synergy between business functions seemed reliant on the compatibility, trust and working relationships between individuals, which explained why coordination was more difficult to manage at a functional level. There were natural pairings in both organisations relative to the individuals’ compatibility and shared challenges being faced. Ultimately, it seemed these shared challenges brought compatible individuals together to create stronger synergy across the business functions.

### **5.5.3 Activity 3 – Research Model Questionnaire**

The third activity involved a questionnaire which included the nine behaviours and variables featured in the research model in Chapter II [Fig: 2.18] and re-presented in Chapter IV. Four interview participants from one anonymous case company were asked to complete the questionnaire individually. Only three participants successfully completed the questionnaire. These participants were asked to rank [High, Medium, Low] how they perceived each business function relative to each of the nine behaviours listed in Table 5.4. For example, how coordinated is purchasing with other business functions such as marketing and production? Is the production function perceived as more coordinated with other business functions than purchasing?

Table 5.4 contains the questionnaire findings from three participants who completed the questionnaire.

OPERATIONS PERSPECTIVE	VARIABLE	RANK EACH VARIABLE L LOW M MED H HIGH			MARKETING PERSPECTIVE	VARIABLE	RANK EACH VARIABLE L LOW M MED H HIGH		
		Purch	Mkting	Ops			Purch	Mkting	Ops
	CHANGE	L	M	H		CHANGE	L	H	L
	TRUST	M	M	M		TRUST	L	L	L
	COORDINATION	H	M	M		COORDINATION	M	M	M
	COOPERATION	M	M	M		COOPERATION	M	M	M
	TOP M SUPPORT	L/M	H	H		TOP M SUPPORT	H	H	H
	CONFIDENCE	H	H	H		CONFIDENCE	M	H	H
	LEADERSHIP	L	M	H		LEADERSHIP	H	H	H
	CAPABILITY	M	M	M		CAPABILITY	M	H	M
	COMMUNICATION	M	M	H		COMMUNICATION	M	H	M

DIRECTOR PERSPECTIVE	VARIABLE	RANK EACH VARIABLE L LOW M MED H HIGH		
		Purch	Mkting	Ops
	CHANGE	L	H	L
	TRUST	L	L	L
	COORDINATION	M	M	M
	COOPERATION	M	M	M
	TOP M SUPPORT	L	M	M
	CONFIDENCE	M	H	M
	LEADERSHIP	L	M	L
	CAPABILITY	M	M	L
	COMMUNICATION	M	M	M

**Table 5.4:** Anonymous Findings from the Questionnaire: importance ranking of variables.

Table 5.4 indicates that top management support and leadership tended to be stronger for marketing and production functions, though strategic investment was being planned for purchasing in both case companies in the near future 2015/2016. This finding was also noted in discussions for Activity 1. One of the variables which prompted deeper discussion by participants was trust. In Table 5.4, most responses ranked trust as medium or low across all three business functions. However, a production participant stressed that trust needed to be contextualised. For example, the participant noted that trust that was developed by individuals. Hence, it is possible that within one business function some

employees were more trusting and reliable than others in terms of fulfilling what was promised when managing the day-to-day production.

Coordination was considered to be a troublesome factor by the participants. It was noted by one participant that when business functions became fragmented, as was often the case with purchasing, they actually became dysfunctional, which hindered organisational performance. This meant that when the purchasing process was inadequate and became unreliable such as through inaccurate ordering it led to problems in other business functions such as production. The production line would be brought to a halt if spare parts arrived too late or not at all.

When discussing the importance of cooperation, the term coercion was used by one participant, inferring there would only be cooperation if leadership and top management support provided effective motivational incentives for each employee. This suggested there may be inadequate or comparable pay structures and strategic recognition across the three strategic business functions.

There was a general view from all participants that the manufacturing case company lacked the relevant existing skills base and capabilities to fully develop the businesses. This skills deficit would either have to be bought in or employees would have to undertake training.

During discussions with both Manufacturer A and Manufacturer B, evidence of training in managing change and developing important behaviours such as trust and cooperation had become a key priority for Manufacturer A indicating the organisation had developed more of a learning culture. Apart from the new management structure put in place, Manufacturer A only mentioned recruitment of one new manager in marketing. The emphasis in this case company was in training the existing team members. In contrast, during the second stage interviews Manufacturer B was in the process of buying in skills by employing more managers with experience from other industry sectors.

## **5.6 Summary of Case Findings**

This chapter has presented the findings from six case companies in the UK touring caravan manufacturing industry supply chain: two manufacturers, two retailers and two suppliers. The focus of the case findings has been taken from a range of interviews using a variety of interview techniques with two manufacturing case companies: Manufacturer A and Manufacturer B. The interviews have taken place in two time stages: 2009-2011 and 2014-2015.

As noted in Chapter IV, the first stage interviews were conducted between 2009 and 2011 using semi-structured interviews with six case companies; each case company represented significant market share in their respective supply chain echelons. These findings have been presented in a similar sequence for each company. The findings from the suppliers and retailers were aimed at verifying the findings from

the manufacturing case findings. Hence these were presented in tables to slightly reduce the significance and not over power those findings from manufacturers. The findings mainly highlighted strategic and supply chain challenges being faced by managers from purchasing, operations and marketing in each case company.

Discussions were held with managers in Manufacturer A from purchasing, operations and marketing and from Directors in Manufacturer B for Purchasing and Marketing. Further discussions were held with the Commercial Director. Similarly, to the strategic orientation pyramid discussions, an observation during these interviews was the formation of participants for the discussions. Joint and individual discussions were offered in Manufacturer A with the Purchasing Manager and the Operations Manager and later with the Marketing Manager and the Commercial Director. This grouping of functions was in itself potentially indicative of the functional and strategic synergies within the case company and further verified the interview findings that there was a natural grouping between business functions based on individual compatibilities and shared challenges being faced at the time.

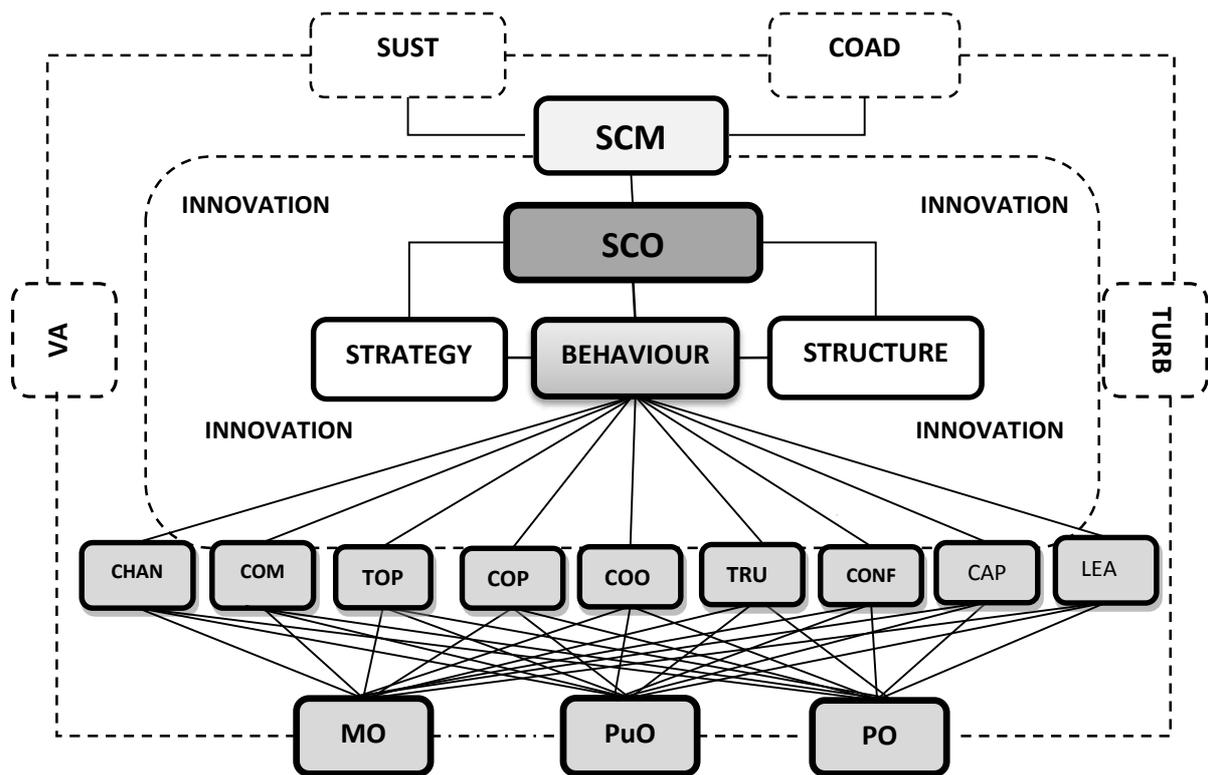
The second stage interviews held between December 2014 and January 2015 were in-depth discussions which proved useful in scoping out some of the concepts for developing the research model. These interviews were conducted with Manufacturer A and Manufacturer B using three activities: The Strategic orientation Pyramid, The Strategic Orientation Configuration Tool and The Research Model Questionnaire. A number of insights and four key findings were identified using the first two activities which will influence the conceptual model development and research contributions in this thesis. The third activity, the research model questionnaire was found more challenging to administer. If used in the future it would be necessary to collect both qualitative and quantitative data for any meaningful results. It may also benefit using a larger Likert scale when designing the responses as three options (high, medium and low) were insufficient for determining an accurate representation of the issues with these behaviours.

**CHAPTER VI - ANALYSIS,  
INTERPRETATION & DISCUSSION**

<b>Chapter I</b> Introduction	<b>Chapter II</b> Literature Review	<b>Chapter III</b> Background Study of the Industry	<b>Chapter IV</b> Research Philosophy & Design	<b>Chapter V</b> Case Study Findings	<b>Chapter VI</b> Analysis, Interpretation & Discussion	<b>Chapter VII</b> Conclusions
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## 6. INTRODUCTION

This chapter builds on the case study and interview findings presented in Chapter V by amalgamating what is already known in the literature with the empirical findings prior to proposing new research contributions. In support of the view by Silverman, (2013, p.111), the research model presented at the end of Chapter II has provided “... an overall framework for how we look at reality”. Figure 6.1 represents a reminder of the research model.



**Figure 6.1:** Research Model and Key

<b>SCM</b> Supply Chain Management	<b>PO</b> Production Orientation	<b>SUST</b> Sustainability	<b>TURB</b> Turbulence
<b>SCO</b> Supply Chain Orientation	<b>MO</b> Market Orientation	<b>VA</b> Value Added	<b>CONF</b> Confidence
<b>COAD</b> Competitive Advantage	<b>COO</b> Coordination	<b>CHAN</b> Change	<b>COM</b> Communication
<b>PuO</b> Purchasing Orientation	<b>COP</b> Cooperation	<b>CAP</b> Capability	<b>LEA</b> Leadership
			<b>TRU</b> Trust

Taking a critical realist approach to this research, Silverman's view becomes an important one to reflect on prior to the analysis, interpretation and discussion of the interview findings. He referred to models as a collection of paradigms for determining how ontological questioning depicts what reality is like. The research model in Figure 6.1 highlights the key concepts which support a firm's SCO, an antecedent of SCM, with particular emphasis on nine behavioural concepts as important characteristics for SCO. These behaviours will be reflected on throughout this chapter which is structured to firstly, outline the analysis process and secondly, to answer the three research questions. A reminder of the research questions is as follows:

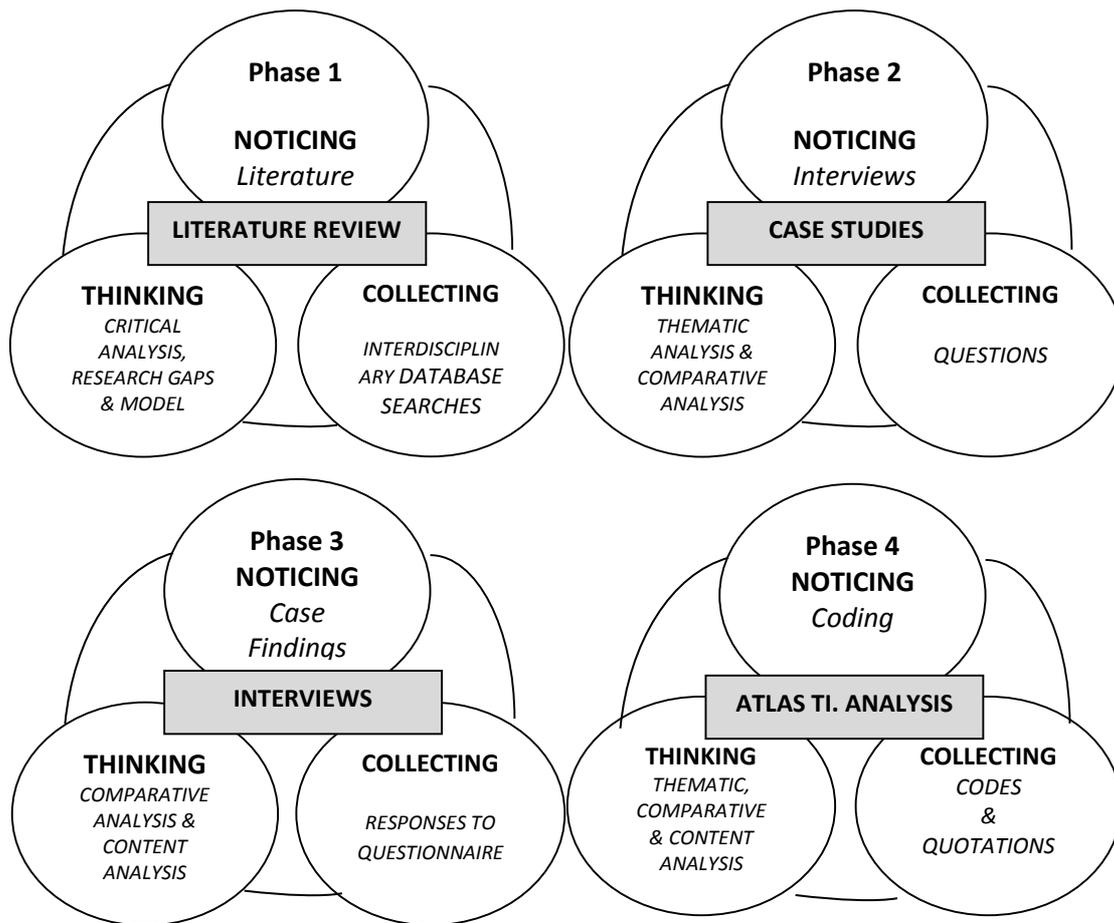
- **RQ1: How does supply chain orientation support supply chain management?**
- **RQ2: How may supply chain orientation be applied as a strategic orientation?**
- **RQ3: What is the role of strategic orientation?**

Prior to presenting the analysis and interpretation of interview findings from Chapter V with the literature from Chapter II, the process for the analysis is reminded and further explained.

### **6.1 Research Process**

As mentioned in Chapter IV, the strategy and methods for presenting the analysis and discussion is founded on the Harding (2013, p. 4) framework. Thematic analysis, comparative analysis and content analysis approaches are adopted for this research. The Harding framework is employed for creating a "*funnelling effect*" or "*zoom lens*" approach in understanding how the findings in Chapter V relate to the literature findings in Chapter II. The analysis will show how the interview findings indicate possible fresh insights or nuances in the conceptual development for strategic orientation and supply chain orientation.

The circular framework, NCT (Frieze, 2012) introduced in Chapter IV, has been used for supporting the early stages of this research process following three stages: noticing, collecting and thinking about data. The research process was noted as falling into four research phases in Figure 4.1 [Chapter IV]. It is found that the NCT framework can be applied to each one of the four research phases, as presented in Figure 6.2. This developed NCT framework shows how the NCT process of reiteration has been found as not just relevant for Phase 4, but also for Phase 1, Phase 2 and Phase 3 in the research journey.



**Figure 6.2:** NCT Adapted framework for data analysis (adapted from Friese, 2012)

**Noticing (N)** refers to the stage of observing relevant things. For example, the interview discussions sometimes prompted introductions to other team members within the organisation and often during factory visits participants were keen to showcase a specific manufacturing process;

**Collecting (C)** refers to collecting things such as company reports and industry fact files, which for this research was not restricted solely to information gleaned from the interviews conducted with senior representatives of Manufacturer A and Manufacturer B, Suppliers A and B or Retailers A and B; in addition, this was supplemented with company and industry information and production data gathered from participating organisations and industry trade bodies such as the National Caravan Council, the Caravan Club and industry reports such as the Glasses Guide;

**Thinking (T)** time was essential for relating the materials gathered during interviews and being able to link them with the literature findings and research model (Friese, 2012).

## 6.2. The Coding Process Utilising Atlas Ti. V.6

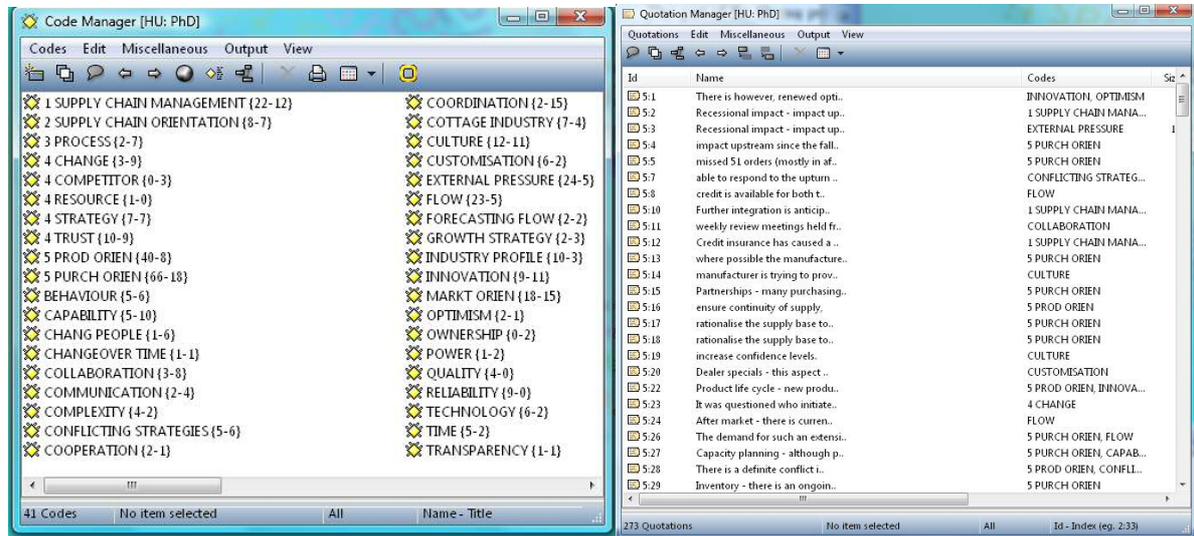
The interview questions were mapped against the research questions in Chapter IV and a reminder is presented in Table 6.1. The findings from these questions were written up as interview documents which were collated between 2009 and 2011. These were stored into the Atlas software, filed as Primary Documents (PDs) labelled MAN A and MAN B for manufacturers, SUPP A and SUPP B for suppliers, and RET A and RET B for retailers. The coding process for the interview data was broken down into three stages, repetitive codes were either removed or merged and any codes considered irrelevant for the research were deleted.

RESEARCH QUESTIONS	MANUFACTURER, RETAILER & SUPPLIER QUESTIONS	RATIONALE
<b>RQ1: How does supply chain orientation support supply chain management?</b>	What are the current supply chain related issues for the UK touring caravan industry? Does this differ to those of your organisation? What are the key challenges facing the production teams in the current trading environment?	By understanding the industry supply chain issues as a whole, the effects of these on the individual supply chain firm and their production teams are better understood
<b>RQ2: How may supply chain orientation be applied as a strategic orientation?</b>	Do you envisage changing patterns of demand for caravans and if so, how will this impact the operations? How has the role and importance of purchasing changed (if at all) during this difficult trading period? How could the industry improve in ensuring customer demands are met and there is industry growth? What is the main strength of the UK Touring Caravan Industry?	These interview questions help to understand the importance of function-based strategic orientations for the individual supply chain firm. These strategic orientations may be further compared across firms within the industry supply chain to understand if one firm's strategic orientation affects another firm's strategic orientation.
<b>RQ3: What is the role of strategic orientation?</b>	How does your organisation achieve value? Which other industry business model/s do you reflect upon when designing the organisation strategy? How important is marketing in remaining competitive within the UK touring caravan manufacturing industry? What are the key challenges of satisfying customer demand?	Ultimately, what is the manufacturing organisation, retailer or supplier trying to achieve through its business model? The literature emphasises the importance of market orientation as key to effective supply chain management but these questions explore other ways the organisation creates a competitive advantage through its strategic orientation.

**Table 6.1:** How and why the interview questions link to the research questions

During the first stage of the coding process for this research and using all three coding options, “*in-vivo*”, “*open coding*” and “*code by list*”, 305 codes were initially developed. These were based on segments of quotations taken from the interviews with manufacturers, retailers and suppliers of the UK touring caravan manufacturing industry. Smit, (2002) noted that codes should be grouped into conceptual themes for improving methodological rigour. Starting off with such a high number of codes is referred to by Friese (2012) as “*code swamp*”. Once duplicate codes were merged this was eventually reduced to 41 code names. These were further supported by 273 quotations in the reports. This part of the filtering process could be compared with completing a jigsaw puzzle without any knowledge of the

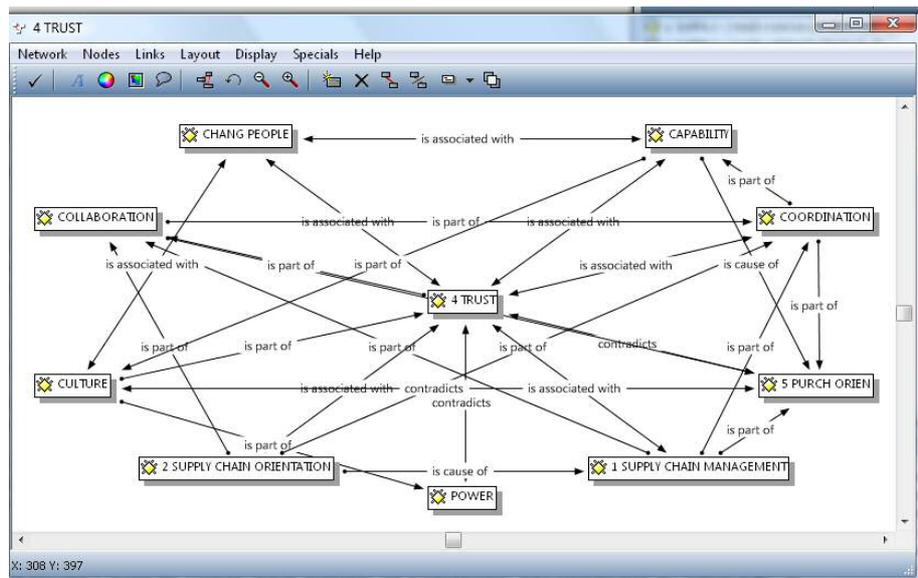
final picture. Friese (2012, p.5) described coding as “*a way to solve the puzzle; each piece of the puzzle is represented by pages of data*”. The key concepts examined in the literature review: SCM, SCO and strategic orientation became the corners and edges to frame the puzzle. Screenshots of the codes and list of quotations are presented in Figure 6.3.



**Figure 6.3:** Screenshot Images of the Code Manager List and Quotation Manager List

Using Atlas.ti V6 software made the research process easier for visualising how the concepts connected or related to each other. However, it was helpful to have some prior knowledge of the literature for insight as to the possible order of precedence between concepts such as strategy and SCM or trust and cooperation. Some quotations in the interview documents related to several codes. The left side figure referred to the groundedness (the number of links to quotations). The right side figure referred to the density figures (the number of links to other codes).

An example is provided in Figure 6.4 which features how Trust {10-9} was represented. The number {10} represents the groundedness, meaning 10 quotations from the interview reports, directly relating to trust. In contrast, the number {9} represents the density, meaning the number of other codes, directly relating to Trust. Network diagrams such as the one shown in Figure 6.4 made the coding, sorting and analysis an easier and more interesting research experience. The network diagrams could be edited repeatedly until a satisfactory position was reached concerning the conceptual formation and development. As stressed by Friese (2012), the researcher still has to do the “*hard work*” and label the connections between concepts.



**Figure 6.4:** Codes Associated with Trust

During the first stage of interviews [2009-2011], from the list of 41 codes generated using Atlas ti., All of the findings discussed in this chapter derive from the Code Manager and Quotation Manager lists which were generated from the first stage of interviews [2009-2011]. In addition, findings from interviews in the second stage interviews [2014-2015] using three activities listed in Chapter IV and Chapter V are presented and used for discussions. Table 6.2 lists codes extracted from Figure 6.3 which relate to the three pillars of SCO [strategy, structure, behaviour] (Esper *et al.* 2010) including many of the nine behaviours proposed as important in the research model.

CODE	QUOTATIONS LINKED TO CODES FOR SCO
STRATEGY {7:7}	MAN [7:12] Margins were more pressurised and profit margins variable MAN [9:59] Many processes have been brought back in house; examples would be a plastics company where roof mouldings are made. MAN [15:1] Switching and adapting to the right production strategy to accommodate the fluctuating market demands was creating tension amongst suppliers whose systems were less equipped to adapt. Make to stock brings greater security to suppliers but places OEMs at greater risk if the finished good are not demanded. MAN [15:3] A significant reshaping within the industry structure with the collapse of two large OEMs has affected market share presenting both positive and a negative impact to the business. Positive changes include increasing market share for this OEM which brings greater purchasing power amongst the supply base and with dealer networks. The reduced OEM market has led to the collapse of many smaller suppliers which has caused problems in the supply market halting production. MAN [16:2] A key challenge identified was the reduced size of supplier s available MAN [17:5] Manufacturers move to an assemble to order (ATO) strategy which means that finished goods are not produced until an order has been received Sup [17:10] Suppliers struggle to switch between production strategies
STRUCTURE {1:0}	MAN [16:7] A flat hierarchal structure with emphasis on ownership is embedded deep within corporate culture.
BEHAVIOUR {5:6}	MAN [9:8] Problems in sustaining leadership MAN [9:24] Awareness of the differences between northern and southern cultural attitudes to economic change. MAN [9:48] Changes the culture of the buying and supplying relationship SUP [13:5] Reliability and continuous improvement are key aspects of the corporate mission. Reliability has become increasingly difficult to achieve through the knock on effects of the current trading climate forcing many small suppliers out of business together with cultural differences when sourcing globally. This was witnessed during the visit, stress due to Italian suppliers refusing to renegotiate. This organisation prides itself on low staff turnover and high levels of staff morale; emphasis on its people.

	MAN [14.8] Terms such as traditional and cottage industry were mentioned and accepted to represent the industry
COOPERATION {2:1}	MAN [9.14] Redundancy means rotas for manufacturing have changed to 3 working weeks per month and a 3-4 day working week, to adjust to dramatic changes in demand. Fear remains in that employees' wages are being cut leaving many on the breadline which could in turn will create hostility amongst the team, tempt the workers to go elsewhere and therefore lose valuable knowledgeable people within the business. A banked working system (agile) was discussed as a method to counteract demand fluctuation but this approach has been adopted in the past; we did not evaluate why it did not work. MAN [16.17] The firm benefits from low staff turnover and observations on the day of the visit indicated high levels of staff morale amongst the workforce at all levels. A flat hierarchal structure with emphasis on ownership is embedded deep within corporate culture.
CHANGE {3:9}	MAN [5.32] It was questioned who initiates the changes made to design, is it the customer (market orientation) or the supplier (inter-firm network orientation), or the manufacturer (production orientation/market orientation) It was thought that change was due to a combination of these factors MAN [7.32] relatively insular and hence too traditional to respond to the degree of market driven change necessary to respond appropriately to the economic downturn. MAN [13.8] slow acceptance of change amongst industry supply chain firms.
COMMUNICATION {2:4}	MAN [16.25] Use of satellite stations brings process controlling straight to the production line. MAN [16.41] the recent downturn in the economy has presented challenges to keep operations running as smoothly as possible and there is indication that the strategies deployed have meant this OEM (assembler) has been hit less so than its competitors.
COORDINATION {2:15}	MAN [9:9] All businesses are faced with the decision as and when to build in business functions and the deciding factor as to which functions (such as IT, HR, Purchasing, etc) should then become strategic are critical to overall business success. Functions can be seen initially as cost centres yet the goods and services offered by any organisation together with the people who are employed throughout are arguably fundamental to success. It appears that Man A is no exception in making this decision. In considering all of the following functions there is arguably a clear move away from traditional Lean principles and more adopting of agile approaches to functional management systems. MAN [16:17] his firm boasts low staff turnover and observations on the day of the visit indicated high levels of staff morale amongst the workforce at all levels. A flat hierarchal structure with emphasis on ownership is embedded deep within corporate culture.
TRUST {10:9}	RET [6:3] the industry is reliant on relationships RET [6:4] strong loyalty among people MAN[9:15] feeling of major insecurity among staff SUP [13:5] reliability and continuous improvement are key aspects of the corporate mission. Reliability has become increasingly difficult to achieve through the knock on effects of the current trading climate forcing many small suppliers out of business together with cultural differences when sourcing globally. This was witnessed during the visit, stress due to Italian suppliers refusing to renegotiate. This organisation prides itself on low staff turnover and high levels of staff morale; emphasis on its people. SUP[13:6] The industry is reliant upon relationships and relationship marketing. There is a strong loyalty amongst people within the industry which could represent barriers to entry for new players into the market. Most of the key players have spent 15 years + within the industry. SUP[14:4] Trust and reliability are key aspects of the corporate mission. Reliability has become increasingly difficult to achieve through the knock on effects of the current trading climate forcing many small suppliers out of business. SUP [14:6] The industry is reliant upon relationships and relationship marketing. There is a strong loyalty amongst people within the industry which could represent barriers to entry for new players into the market. MAN [15:8] problems in previously informal relationships base on trust MAN [16:43] The industry is reliant upon relationships and relationship marketing. There is strong loyalty amongst people within the industry which could and may have presented barriers to entry for new players into the market
CAPABILITY {5:10}	MAN [5.27] Capacity planning - although production levels have recovered slightly there has been irregular and extreme falls and rises in demand levels. This coupled with assemble to order strategy, has resulted in parts shortages from upstream suppliers and consequently production operations are sometimes unable to cope. This has sometimes left a shortfall in supply and inability to optimise on sales orders coming through. The maximum capacity for production is 75 units per day, running two lines. All workers are paid on piece work operating in teams of four, although this number fluctuates, dependant on demand levels. There is a definite conflict in trying to lean up operations and inventory but to also remain agile in response to fluctuating demand levels. RET [6:16] Emphasis on key people within the business and investing in customer care for business sustainability MAN [7.29] a wealth of experience and knowledge being retained within the sector. SUP [14:3] Attention to detail is one reason this organisation is known for producing high quality products. They are recognised experts in the use of 'lean manufacturing' techniques, and serve as a training facility in these techniques for the University of Michigan, Business School and a wide range of manufacturers. The attention is to the production of well built, high quality and innovative products have driven the growth of leading names in their respective categories. SUP [14:16] emphasis on people within the business and keeping staff until the market persistently commands structural changes to be made.

**Table 6.2:** The groundedness and density of codes identified from interviews between 2009 and 2011 with some of the matched quotations.

The process for breaking-down the code COORDINATION {2-15} indicates there are two quotations identified and fifteen other concepts relating to COORDINATION. In this instance, the quotations may have been few but the impact of the content was significant, so the numbers were not always found an indicator of strategic relevance. The importance of identifying the relevant areas to create strategic business functions was recognised by both manufacturers as key to future success.

### **6.3 Interpretation of Interview Findings**

In Chapter V the key findings for manufacturers, suppliers and retailers were presented in two stages, first stage interviews in 2009-2011 and second stage interviews in 2014-2015 with emphasis being placed on findings from Manufacturer A and Manufacturer B. These findings are now used to address each of the three research questions. Each research question and response is now presented.

#### **6.3.1 RQ1: How does supply chain orientation support supply chain management?**

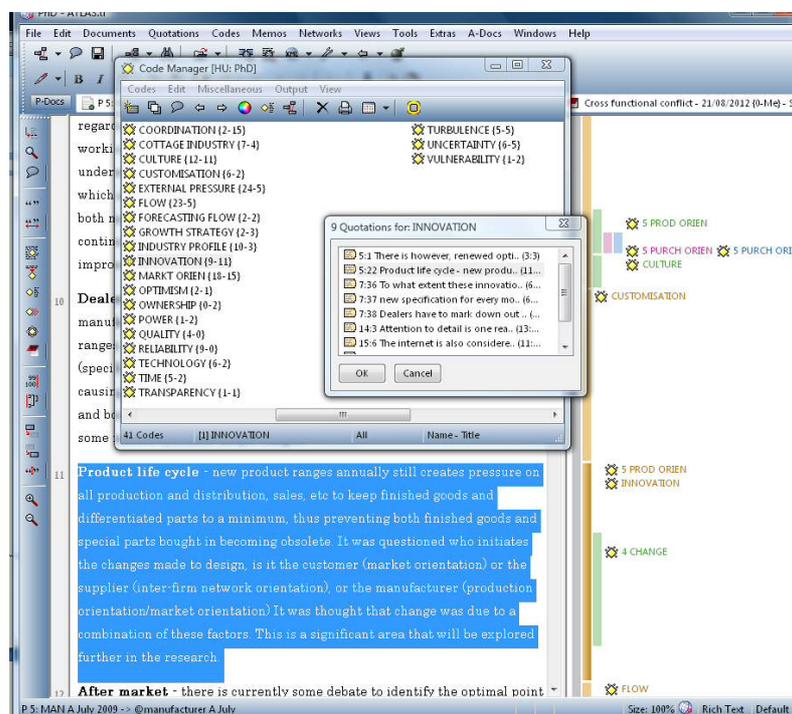
The structure of the response to RQ1 is firstly, to reflect back on the literature findings for defining SCO and SCM [Chapter II]. Then, the main messages conveyed within the literature review for SCO and SCM are mapped against case findings.

SCM has led to a “*fundamental shift*” in the way firms view the business model (Christopher and Towill, 2001, p. 14). SCM has been recognised as a discipline within its own right, comparable to marketing (Croom *et al.*, 2000), and providing the firm with a sustainable source of competitive advantage (Mentzer *et al.*, 2001). It has also been argued that organisations compete through their supply chains (Lambert and Cooper, 2000, Christopher, 2000, Christopher, 2005b) [Chapter II, PARA 2.3.1].

Supply chain challenges noted during interviews between 2009 and 2011 with Manufacturer A were considered to be the direct result of a wide scale freeze on commercial borrowing and credit insurance [MAN A Quote {5:2}]. High variation in customer demand levels were thought to be due to a national [UK] freeze on domestic borrowing. In addition, volatility in the supply market was creating problems predicting lead times for spare parts. These supply chain related issues were fundamentally, not just shaking the strategy of the manufacturing organisations, they were bringing to question what should be the appropriate strategic orientation for going forward and remaining competitive in an already contracting market. In effect, problems with managing the UK touring caravan manufacturing industry’s supply chain were affecting the individual supply chain firm’s strategic orientation. It was clear from these findings there was a connection between the two concepts.

In contrast with Manufacturer B, during interviews between 2009 and 2011, the contraction in the supply market was emphasised. It was noted during interviews in 2010, that there was perceived to be

a power shift in the supply chain from manufacturer to retailer, plus there were ongoing problems with building in product quality assurance into the manufacturing process for new touring caravans [MAN B Quote {16:8}]. In addition to these challenges, Manufacturer B emphasised the need to innovate continuously in an effort to stimulate struggling market demand for new touring caravans. Innovation was perceived to be more difficult to manage in low volume manufacturing due to the costs incurred and operating in smaller batch quantities. In the research model [Fig: 6.1] innovation is portrayed as being embedded throughout the organisation's SCO. The importance of innovation for Manufacturer A and Manufacturer B was verified during interviews with Supplier A and Supplier B between 2009 and 2011. A screenshot of the codes and quotations found for innovation {9:11} are presented in Figure 6.5. The code, innovation was found connected to 9 other codes and 11 quotations were identified.



**Figure 6.5:** Print Screen shot of codes and quotations for innovation

It was clear from the interviews that innovation was affecting the organisation's strategy, structure and supply chain related behaviours as indicated in the research model. One of the reasons for this was found to be linked to the code which has been highlighted in Figure 6.5 which relates to the product life cycle. This was a pertinent issue during interviews between 2009 and 2011 as managers were conscious that in the ongoing effort to remain innovative, there was a need to avoid too much disruption to the manufacturers' SCO which may have a negative effect on firms in the supply chain; hence affect the manufacturer's SCM. Determining the right time to innovate, whilst reducing the likelihood for existing models of touring caravans to become too quickly outdated and obsolete became key considerations for

this manufacturing industry. In addition to this, interview discussions led to some debate about who was actually driving the changes to product design: the customers [market orientation], the competitors [market orientation], the manufacturers [production orientation] or the suppliers [inter-firm network orientation]. In any of these situation drivers, it is essential to maintain a supply chain orientation. As noted by Esper *et al.* (2010), all firms within a supply chain needed to adopt a SCO to successfully manage the supply chain and to improve firm performance. The interviews with both manufacturers, and verified by both suppliers, indicated that the smooth implementation of new product design was not an easy process to manage.

The issues of contracting in the supply market was a topic of discussion with interview participants [MAN A Quotation {5:15}; Retailer A Quotation {6:20}]. This was considered to be a major supply chain challenge facing the UK touring caravan manufacturing industry between 2009 and 2011 but it had stabilised between 2014 and 2015. Interview discussions revealed that in most cases, suppliers only produced components for the caravan industry [touring caravans, static homes, tents and Motorhomes]. This reliance on the growth of the industry meant the supply market became highly vulnerable when customer demand was reduced for touring caravans. The UK has been noted in Chapter III [PARA 3.3] by NCC as the largest market for touring caravans which was perceived by interview participants as limiting opportunities for exporting supplies to other manufacturers outside of the UK. Therefore, discussions with Manufacturer A and Manufacturer B, followed by interviews with Retailer A and Retailer B indicated that the UK touring caravan market was becoming limited by its supply chain. This was relevant in terms of managing innovation and growth across the industry. Widening the supply base was a topic of discussion during first stage interviews with Manufacturer A [2009] Quotation {9:62}, though it was stressed that the complexities with packaging and logistics needed careful consideration. During second stage interviews with Manufacturer B in 2015 this strategy was being enforced with moves to introduce new suppliers from overseas. Operating in a condensed market also meant that manufacturers of touring caravans had limited opportunities in competing through their supply chains offering differentiated value to the customer; all UK touring caravan manufacturers were sourcing spare parts from the same supply base. Chapter III [Fig: 3.5] has highlighted the recent interest by the industry in growing the export market for British made touring caravans.

These findings highlighted the importance of resource dependence theory [RDP] which was apparent between manufacturing supply chain companies. In agreement with Rigby (2000) [Chapter II, PARA 2.4], the companies in the UK touring caravan industry were interdependent of one another. If one company succeeded this would have a positive impact on another. In contrast, if one company failed it placed a negative knock-on effect to another.

The condensed and smaller structure of the UK touring caravan manufacturing industry supply chain helped it to gain an advantage over other industries during the economic recession period when in 2008 [UK] domestic and commercial borrowing was brought to a standstill. This led to a severe fall in the demand of large ticket items such as touring caravans. This point was verified by Retailer A who noted that, in 2009, the retail price of new touring caravans was between £13,000 and £25,000 which meant that many customers relied heavily on domestic borrowing. Credit insurance was also put on hold meaning that retailers were unable to accept new stocks of touring caravans until the current models were sold. This resulted in severe bottleneck problems with unfinished (work in progress) caravans waiting for spare parts and finished products waiting for retailer finance lines to clear for dispatch. Finance departments across the UK touring caravan manufacturing industry were faced with the dilemma of protecting the individual manufacturing business, but in such a way that it did not create further damage to the industry's already vulnerable supply chain and retail supply network. This point was more evidence that managing the individual firm's SCO supports effective SCM.

The interviews with Manufacturer B revealed that the financial crisis between 2008 and 2009 led to some important insights when understanding how SCO supported SCM for this case industry. Interviews with Manufacturer B revealed that the industry supply members [even competitors] had been forced to collaborate at a new strategic level. Round table discussions were invited between with manufacturers, suppliers, retailers and other industry representatives discussing financial strategies with a sole purpose of keeping the flow of parts and finished touring caravan products flowing downstream through the supply chain. This was noted by Manufacturer B as requiring considerable levels of trust and cooperation amongst industry members, more than had been previously experienced. These findings confirmed that the effective management of the UK touring caravan manufacturing industry supply chain was a source of sustainable competitive advantage (*Mentzer et al., 2001; Lambert and Cooper, 2000, Christopher, 2000, Christopher, 2005b*)" [Chapter II, PARA 2.3.1]. An important observation from the outcome of the financial situation was that it was leaders within the organisations themselves [evidence of SCO] which prompted this move, forcing them to look outside of their own organisation for improvements in the internal supply chain by connecting the industry supply chain network as a whole. This finding further confirms the view of Ulrich and Barney (1984) who argued that individual business survival was dependent on attaining the necessary resources from other organisations within the supply chain [Chapter II, PARA 2.4.2]. Similarly, Mentzer *et al.* (2001) argued that the SCM concept was only effective if it was embedded as a SCM philosophy within the firm. In other words, it relies on a top down approach and its success is driven by the knowledge held within the senior management for coping with unexpected environmental challenges and in building the necessary trust for maintaining long term relationships.

Mollenkopf *et al.* (2007) extended Mentzer *et al.* (2001) definition of SCM by examining the issues with functional integration both inside the organisation (intra-functional coordination) and across the supply chain (inter-functional coordination), both forward and backward in the supply chain. Esper *et al.* (2010, p.162) further claimed that “*SCM focuses on the management of exchange flows within and across the members of the supply chain, SCO emphasises the strategic awareness and embracing of SCM within an individual supply chain firm*”. This was evidenced by the changing management structure for Manufacturer A in 2009 and more recently in 2014 with Manufacturer B.

This further emphasised how important it was to manage the SCO of the individual manufacturing firm through its strategy [such as production able to respond to varying levels of customer demand], structure [such as maintaining lower levels of hierarchy led to quicker decision making] and behaviour [such as the individual response to change and level of cooperation]. Based on the interviews with manufacturers and suppliers, the industry supply chain was largely dependent on the effective management of the manufacturing firms. From this example, evidence of SCO in the manufacturing sector was found to have a positive effect on SCM.

In principle, interview discussions with Manufacturer A surrounding the MRPII framework, featured in Chapter V [Fig. 5.1], confirmed the importance of structure in the firm’s SCO. The design of the MRPII framework represented similar important features to that of supply chain orientation. This was evidenced through the manufacturer’s strategy and structure and the importance of coordinating the internal business functions which were responsible for liaising with both suppliers and retailers. The MRPII activity in Appendix 8 and Figure 5.1 highlighted the importance of marketing, purchasing and production to support SCM but it also prompted discussions about the implementation challenges in trying to coordinate them. The MRPII framework in Fig 5.1 represented the strategy and structure of SCO leading to effective SCM (New, 1997 cited in Sweeney, 2011; Omar *et al.*, 2012 (a) [Chapter II, PARA 2.5.2]. The interviews with Manufacturer A in 2010 established that purchasing, marketing and production played a major role in ensuring the successful implementation of the MRPII system requiring internal coordination and purchasing and marketing were required to communicate any changes to the strategic plan into the supply market and retailer network. The strategic coordination and alignment of the purchasing, marketing and production functions was agreed by manufacturing participants as being vital for improving the flows of product and cash. The research model [Fig: 6.1] proposes that these three business functions need to be sufficiently strategically elevated and aligned to represent strategic orientations within the manufacturing firm, but the interviews between 2009 and 2011 found this was not the case. This was emphasised as a difficult area to manage. These important findings were confirmed during the second stage interviews in December 2014 and January 2015 when the strategic orientation configuration activity featured in Chapter V [Fig: 5.4] revealed that in both Manufacturer A and Manufacturer B, marketing, purchasing and production functions played dominant

roles, though the configurations were perceived by participants as different for each participant and with each case company.

**So, in summary and in response to RQ1**, which asks how SCO supports SCM, by observing and interviewing two manufacturers, two suppliers and two retailers from the industry's supply chain, The manufacturing firm's strategy and structure become important and any changes to these have an impact on other firms [suppliers and retailers] in the industry supply chain. In particular, the interview findings revealed that strategic alignment and coordination of function-based strategic orientations, namely, marketing orientation, purchasing orientation and production orientation for each manufacturing organisation are fundamental for supporting SCO as an antecedent to effective SCM. In contrast, when there are problems in the industry supply chain this 'shakes' the manufacturing firm's SCO, especially the strategic alignment of its market orientation, purchasing orientation and production orientation. In this instance, the importance of managing behaviour is emphasised to overcome any difficulties together in the industry supply chain. Hence, the manufacturers' SCO is found as inextricably linked with SCM. The findings also suggested that strategic alignment of the purchasing, marketing and production functions as strategic orientations was difficult to achieve when the business environment was unstable.

### **6.3.2 RQ2: How may supply chain orientation be applied as a strategic orientation?**

Similarly to the addressing RQ1, the structure of the response to RQ2 is to firstly, reflect back on the literature findings for defining SCO by focusing on the three pillars proposed by Esper *et al.* (2010) [Chapter II]. Then, secondly, the main messages conveyed within the literature review for SCO are mapped against case findings which were collected in two stages: 2009-2011 and 2014-2015.

The literature review has highlighted that the SCO literature is underdeveloped, offering very few clear definitions of SCO and little empirical evidence to support its conceptual development. This was noted in Chapter II [PARA 2.6.1] as more relevant for SCO developments in the manufacturing sector. SCO was described as a *conceptual umbrella* (Mentzer *et al.*, 2001; Esper *et al.*, 2010) which implied that it is a multiple construct, comprising of **strategy**, **structure** [e.g. levels of hierarchy] and **behavioural** aspects [e.g. trust and commitment] which must all **fit** with the business environment (Esper *et al.*, 2010) [Chapter II, PARA 2.4.2]. Interviews with manufacturing case companies between 2009 and 2011 revealed that all three of these constructs, strategy {7:7}, structure {1:0} and behaviour {5:6} were required for maintaining SCO as a source of competitive advantage with greater emphasis being placed on having the most appropriate strategy for the business environment. This was demonstrated firstly, by the Man A {17:5} changing production strategy to an assemble-to-order [ATO] strategy in response to lowered customer demand levels. Bullinger *et al.* (2002) argued that changes in the business environment could instigate either a positive or negative impact on a firm's SCO [Chapter II, PARA

2.7]. Secondly, managing the necessary behaviours such as trust and cooperation became critical during the financial turbulence when a fall in commercial borrowing brought the manufacturing production lines to a standstill. The behaviours were emphasised by Manufacturer A and Manufacturer B as more relevant during interviews between 2014 and 2015. Evidence from this research confirms that SCO is a multiple construct which requires careful amalgamation of function-based, objective-based and process-based strategic orientations to fit with the business environment.

In addition to these findings from the first stage interviews between 2009 and 2011, the research model was used to create a questionnaire [Chapter V, Table 5.4] for the second stage interviews held with Manufacturer A and Manufacturer B in December 2014 and January 2015. The questionnaire which explored specific behaviours identified in the SCM and SCO literature against the three business functions. Whilst the response from these questionnaires was low, a key finding from this activity was the different perceptions by managers across the three business functions in understanding how their respective function were ranked [High, Medium, Low] for each behaviour. The case study findings for behaviours which have been emphasised by Mello and Stank (2005) and Esper *et al.* (2010) which are proposed in the research model [Fig: 6.1] as supporting SCO are now explained.

**Change {3:9}** - Interview discussions held in 2010 revealed a common view that the UK touring caravan manufacturing industry needed to raise its profile in terms of its skills and acceptance of learning. However, there was some hesitation from participants: *“the need for change to meet customer needs and hence sales will create a strain on individual functions in a time of recession”* [Manufacturer A, Questionnaire, 2010]. For example, the speed of change required to support innovation was identified by all interview participants as problematic, placing great responsibility on business functions, such as purchasing, marketing and production. The results of a questionnaire distributed to Manufacturer A revealed why change may be such a problem: *“reduction in staff across functions during the recession increased workload and pressure to achieve objectives quickly and react quickly to market changes”*. Manufacturer B Quotation {7:32} felt the industry was relatively insular and hence, too traditional to respond to market driven change. There was no doubt that attitudes to learning were perceived by the industry participants as differing greatly across the industry. [Supplier A, 2009] perceived that the industry supply chain members were reluctant to change as it could carry high risk not just for the individual firm, but also for the upstream supply chain. This perception was much less evident by manufacturers when being interviewed in 2014 and 2015.

**Capability {5:10}** – the importance of supply chain capabilities has been emphasised throughout the literature review, especially when reviewing the studies which examined SCO. Interview participants felt that the UK touring caravan manufacturing industry was still largely a cottage industry which was wholly reliant on strong relationships and relationship marketing. However, the whole UK touring

caravan manufacturing industry was perceived to be slow to change [Man A Quotation {13:8}]. The industry was perceived by Supplier A as being deeply entrenched in traditional and historical working methods and processes [e.g. an annual product life cycle] which was challenging due to the limited capabilities held by industry members, many of whom were family owned businesses. In contrast, Manufacturer A Quotation {7:29} stated that industry members held a wealth of knowledge and experience which has previously helped the industry to overcome troubled times. Supplier B emphasised that due to the nature of family owned businesses with very few manpower resources being brought in, there were limited industry capabilities and resources which were threatening the long term growth plans for the industry. Innovation was commented as being key to this by continually developing the touring caravan manufacturing process and product itself. In particular, aftermarket demands had increased with continuing product recalls and quality issues for new product ranges [Manufacturer B]. It seemed that the faster new products were innovated and launched, the greater the likelihood of quality issues which led to increased costs in product recalls and repairs which caused major flow disruptions [Manufacturer A and B]. Interviews with Manufacturer A and Manufacturer B between 2009 and 2011 revealed that there may be a shortfall in capabilities.

During the interviews between 2009 and 2011, Manufacturer A and Manufacturer B emphasised the importance of reducing staff turnover by keeping morale amongst the teams high. Staffing retention, in terms of protecting resources and capabilities were considered to be important priorities [Man A, 2009 {9.14}] which was supported by the flat hierarchical structure. The flatter structure was already more evident in Manufacturer B [Man B, 2010 {16:17}].

When the case companies were visited for the second stage of interviews in December 2014 and January 2015 concern about capabilities continued to be a discussion point in the interviews. Manufacturer A and Manufacturer B were addressing their shortfalls in employee and managers' capabilities using different approaches. Manufacturer A was investing in training programmes and Manufacturer B had a recruitment strategy in place, both aimed to improve the supply chain skills and capabilities within the respective manufacturing organisations.

**Trust {10:9}** - SCO has been argued by Min *et al.* (2007) as being supported by internal behavioural dimensions such as trust, commitment, cooperation, top management support for facilitating relational exchange. The first stage interviews held between 2009 and 2011 revealed that trust and cooperation were considered to be key strengths of the UK touring caravan manufacturing industry: a view endorsed by every participant and case company interviewed. However, an important finding during the interviews was that, between 2009 and 2011, the fundamental basis of these concepts was being challenged which was threatening the future of the industry [Supplier B, Quotation {14:4}]. Trust and reliability were considered to be key aspects of the industry supply chain and these had become

increasingly difficult to manage through the knock on effects of the difficult trading climate which forced many small suppliers out of business. The severity of this situation was evidenced through the collapse of three manufacturers, a retail group and a large number of suppliers within the industry between 2008 and 2012.

**Cooperation {2:1}** – the willingness to support each other across and within the organisation was the variable ranked consistently lower (M) by all participants who took part in the research model questionnaire in Table 5.4 [Chapter V]. Cooperation was emphasised as difficult to implement due to conflicting objectives and varying levels of capabilities across business functions which created an imbalance of power both in the manufacturing organisation and across the manufacturing supply chain. The findings from a questionnaire distributed to Manufacturer A revealed that “*sometimes it’s a case of who shouts the loudest that wins*”.

Instead of cooperation, increased conflict or trade-offs were apparent between production, purchasing and marketing functions (Manufacturer A, 2009 {5:28}). Instead of collaborating, these functions were often competing with conflicting goals trying to manage internal trade-offs. For example, marketing and sales would push for greater diversification of product ranges and “*dealer specials*” to satisfy existing retailer and end customer demand; and further attract new customers into the caravan market [Man A, 2009 Quotation {5:20}; {17:8}). However, the increased reliance on bespoke designs brought major challenges to the manufacturing supply chain creating additional pressure in the supplier relationships sometimes affecting the willingness to cooperate. These case study findings confirmed the argument by Crittenden and Gardiner, (1993) that the manufacturing and marketing interface has trade-offs, and these conflicts become even more intense and pressurised when firms are faced with environmental turbulence.

When mentioning cooperation to manufacturers the term coercion was suggested as a more appropriate term used by one anonymous participant during the second stage interviews between 2014 and 2015. This view was founded on the basis that there needed to be leadership and top management support with effective motivational incentives in place for each employee. The top level support and motivational incentives they felt would lead to greater levels of cooperation.

**Communication {2:4}** – Communication was listed as one of the essential behaviours for supporting both SCM and SCO (Min and Mentzer, 2004). Communication has long been emphasised by authors such as Ellram (1991) as central for improving the coordination of processes. During interviews in 2010, Manufacturer B noted that communication with other business functions was critical for effective purchasing [termed as procurement in this case company]. Manufacturer B came across during the interviews between 2009 and 2010 as prioritising a purchasing orientation to remain competitive and

grow the business further but it accepted there was an urgent need to invest in resources and capabilities to implement this properly. Manufacturer A discussed the introduction of an intranet management information system which helped to improve communication (Man A Quotation {5:30}).

Second stage interviews in December 2014 and January 2015 utilised the strategic orientation configuration paper circle activity [Chapter V, Fig: 5.4] which prompted discussion about the challenges with communication within each of the manufacturing case companies. Whilst managers interviewed recognised that communication was important, the lack of overlap depicted by the circles in Figure 5.4 suggested that this was not an easy process to achieve affecting the coordination and integration of purchasing, marketing and production functions as strategic orientations for the manufacturing firms. In Manufacturer A there seemed to be a natural pairing between either purchasing and production or purchasing and marketing. This was noted as being dependent on the supply chain challenge being faced. For example, if the supply market was particularly challenging, purchasing and production formed a stronger strategic orientation for the manufacturing firm. When there were retailer or customer demand issues such as demand volatility, purchasing and marketing became the dominant strategic orientations for the manufacturing firm.

**Coordination {2:15}** – Fugate *et al.* (2006) was noted in Chapter II as claiming that SCO was important for the implementation of flow coordination mechanisms; this suggests that there is an interdependent relationship between supply chain coordination and SCO. Coordination has been described as a measure of synergy between business functions (Maloni and Benton, 2000). However, we can see from the second stage interviews and the findings from the strategic orientation configurations activity in Figure 5.4 [Chapter V] that the results varied greatly. Findings in activity 3, the research model questionnaire featured in Table 5.4 [Chapter V] also showed that coordination is not easy to achieve. Coordination was noted during interviews with manufacturers between 2014 and 2015 as closely being linked with communication and cooperation. Manufacturer B inferred that to achieve coordination you must have effective communication and also employees who are willing to cooperate.

Whilst the Esper *et al.* (2010) study provided useful conceptual development in understanding SCO for new researchers, very little information was provided to understand the underpinning concept of strategic orientation. The focus in this research has examined three function-based strategic orientations which have individually been argued in the literature review as being strategically important for supporting SCM. The empirical evidence collected from the UK touring caravan manufacturing industry between 2009 and 2011 and again between 2014 and 2015 has investigated how these three strategic orientations support the two manufacturing firms' SCO.

In addition to these behaviours which were identified as codes in Atlas ti, evidence for a further three other behaviours which were proposed in the research model was evident and found relevant for

understanding how SCO is a strategic orientation. These include top management support, leadership and confidence. All nine behaviours have been compared against three function-based strategic orientations, namely, market orientation, purchasing orientation and production orientation. Hence the interpretation of the findings for top management support, leadership, confidence and function-based strategic orientations is now presented.

**Top Management Support** – in Chapter II, the study by Mentzer *et al.* (2001) was referred to frequently. Mentzer *et al.* acknowledged that lack of top management support would prevent effective SCM. During interviews between 2009 and 2011 there was evidence in both Manufacturer A and Manufacturer B that top management support was available and this was considered to be an important factor for the manufacturing case companies in successfully strategically elevating purchasing to support a purchasing orientation. Both companies had a Commercial Director in place overseeing the strategic business functions such as purchasing, marketing and production. A key finding from the interviews and observations with both manufacturers was that a firm may have top management support demonstrated by its structure but that did not necessarily result in strategic functional leadership. Sometimes the top management lacked the necessary knowledge or capability for enforcing the necessary changes at the tactical and operational levels to ensure the respective function became a strategic orientation for the firm.

**Leadership** - A key finding from this study has been the important influence of leadership, or the problems when there is a lack of it when trying to drive forward a new strategic orientation. Both manufacturers were initially (2009) prevented from strategically elevating and following a purchasing orientation due to the lack of leadership, expertise and skills in that area. Manufacturer A acknowledged that purchasing should be strategic to the organisation but emphasised that the time dimension was problematic in setting up the appropriate infrastructure. Manufacturers' responses to frequent changes in customer demand meant that strategic initiatives such as creating strategic partnerships became difficult to lead and manage when the limited resources were forced to cope with day-to-day purchasing and supplier related operational challenges being faced. Manufacturer A and Manufacturer B endorsed the significance of leadership and management in the strategic orientation decision and there was strong evidence that both manufacturers were strong on leadership. Collective market share totalling over 60% was evidence of this in the UK touring caravan industry. Leadership, trust, cooperation and change management were concepts mentioned by one of the participants as areas being developed since the main interviews ending in 2011.

**Confidence** – The final behaviour highlighted in the analysis section is confidence. Mentzer *et al.* (2001) linked confidence to trust; high trust leads to high confidence and vice versa. Mello and Stank (2005) highlighted the importance of confidence in a supply chain partner's reliability and integrity.

The authors further implied that if a company manages SCO, confidence will be much higher in the supply chain. This concept was not noted as a major emphasis in the literature. It was however, revealed as a major area of importance for the survival of this UK manufacturing industry.

Interviews in 2010 highlighted this as a priority area across the industry supply chain. Retailer A also noted confidence as a major supply chain challenge. Manufacturer A set raising the confidence of the supply as a key priority. Varying demand levels had led to cash flow problems to supplier further upstream so Manufacturer A utilised supplier portal to help build confidence in the supply chain by collaborating with suppliers and promoting the need for better communication. This sharing of information was hoped to raise supplier confidence and enable suppliers to forward order in anticipation of increased customer demand for new touring caravans. During the interviews held between 2014 and 2015, confidence was mostly ranked as high [H] by the two manufacturing organisations, evidenced in Activity 3: Research Model Questionnaire, Table 5.4 [Chapter V].

**Function-based Strategic Orientations** - The research model proposes that the three function-based strategic orientations as areas to test against nine behaviours which have been identified in the supply chain literature as supporting SCO. Reflecting on the groundedness and density of the codes created using Atlas ti. all interview feedback has focused heavily towards marketing, production, purchasing, coordination and flow issues. Purchasing Orientation [66:18]; Market Orientation [18:15]; Production Orientation [40:8] all show high levels of quotations matched [groundedness] and codes which link [density] but most of the conversation about issues and challenges mentioned in the quotations were found to be related either to the production or the purchasing functions. In the context of purchasing orientation, issues mentioned included a troubled supply chain with many suppliers falling into administration between 2009 and 2011 [Man A Quotation {5:17}]. This created a condensed supply market and put pressure on buyers to locate new suppliers quickly to keep manufacturing production lines flowing [Retailer A Quotation {6:21}]. In the context of the production orientation, coordination and flow of manufacturing production for new touring caravans [Man A Quotation {5:28}], competition and pricing fluctuation of raw materials in the supply market [Man A Quotation {5.32}] were all identified as focal points for discussion during the interviews.

Traditionally, the pairing of business functions which have been most frequently associated with adding value to an organisation is marketing and production (Piercy, 2007). However, marketing has been paired with an alternative business function which has attracted increasing interest by supply chain authors; this is the pairing between the marketing and purchasing functions. Marketing and purchasing have been argued as a collaborative and integrated orientation approaches for improving value for the organisation (Lindgreen *et al.*, 2009) [Chapter II, PARA 2.7.3].

The importance of coordination across business functions, rather than operating in silos, has been a consistent message conveyed by authors, argued as essential for improving supply chain flows within the organisation (Thomas and Griffin, 1996; Lambert and Cooper, 2000, Arshinder and Deshmukh, 2008) [Chapter II, PARA 2.7.3]. Yet, despite the extensive nature that cross-functional coordination has been examined by these authors and others such as Crittenden *et al.* (1993); Crittenden & Crittenden, (1995); Mollenkopf *et al.* (2007) and Piercy (2010 b), cross-functional coordination remains a key challenge for manufacturing organisations. The UK touring caravan manufacturing industry is no exception to this problem, especially, with conflict evident between the marketing and production functions. This point was confirmed in a questionnaire by Manufacturer A *“We need a more constructive, team driven decision making process based on better sharing and understanding of customer and market needs/ in a recession reshaping and resizing of the business together with supply chain challenges bring conflicting pressures in the various functions of the organisation”*. Wong *et al.* (2011), Faraj and Xiao, (2011), Omar *et al.* (2012) (b) and Bendoly and Bharadwaj (2012) stressed that cross-functional coordination becomes even more critical when the business environment is characterised as being uncertain or unstable. This view was confirmed from questionnaire respondents in Manufacturer A: *“The recession puts pressure on each department and the natural reaction is to concentrate on one’s own department”, “Conflicts arise due to lack of understanding of other constraints/ emphasise and manage goal congruence/ improved communication/ cutbacks can cause conflict over short term goals”*.

In achieving a SCO, the second stage interviews [2014-2015] revealed that both manufacturers were observed to be focusing on more than one function-based strategic orientation. Based on the findings for the three discussion activities highlighted in Chapter V, Manufacturer A appeared to be focusing on marketing orientation and purchasing orientation. Manufacturer B appeared to be focusing on production orientation and purchasing orientation. In addition, both manufacturers were focusing on more than one business objective such as quality orientation and supply chain orientation [Manufacturer B]; learning orientation and customer orientation [Manufacturer A]. Both manufacturers were also seeking to make improvements in more than one business process such as lean orientation and innovation orientation.

The interviews left no doubt that Manufacturer A had strategically elevated production and marketing functions which were evidenced by the structure and hierarchy for each business function. The Commercial Director from Manufacturer A was appointed in 2009 from both a marketing and operations background. His new role represented a strong influence within the case company through its strategy and investment areas in the business. In addition, a new CEO was appointed in 2011 to help the *“...company deal with increasing pressures and challenges facing the market over the next decade”* [Press Release, 2011]. However, as highlighted in Chapter V, the observations during the interviews in

December 2014 suggested that production and purchasing were more strategically coordinated and orientated. This was observed because of the natural pairing which took place with the production and purchasing managers during interviews.

In contrast, the Commercial Director from Manufacturer B was from a procurement background. Whilst there was evidence during interviews in 2009 and 2010 that marketing and production were already strategically elevated within the case company but at the time of interviewing in January 2015, Manufacturer B was in the process of recruiting a new purchasing manager and developing the procurement team. In addition, a new operations manager had started in 2014 bringing new production related skills and leadership to the business. It was clear this case company was trying to create a fresh new approach to managing its strategic orientation in support of a growth strategy and building new market share, not just in touring caravans but in motorhomes too.

This case study evidence indicated that in the modern environment it is not sufficient to suggest that one strategic orientation will always dominate over all others (Pearson, 1993; Kotler, 1994; Miles and Russell, 1995) [Chapter II, PARA 2.8]. In contemporary manufacturing there needs to be equal amounts of leadership strengths and capabilities in more than one strategic orientation to more fully support a SCO.

As mentioned previously, interviews with Manufacturer B implied that the purchasing function was becoming strategically elevated within the organisation, moving towards a more integrated role for supporting SCM (Reck and Long, 1988, Spekman *et al.* 1994, Carr and Smeltzer, 1999; Chen *et al.* 2004) [Chapter II, PARA 2.7.3]. Despite its growing strategic relevance, purchasing orientation has been questioned as a single solution in managing the firm's supply chain (Lawson *et al.* 2009) [Chapter II, PARA 2.5]. Juttner and Christopher (2013) explored whether marketing plays an intermediary role between an organisation's SCM and SCO. The role of an intermediary was a significant theory from which to build on for this research.

Interview findings between 2009 and 2011 and follow up interviews in December 2014 and January 2015 revealed that instead of marketing, purchasing was acting as an important intermediary for either preventing or smoothing out the conflicting marketing and production strategies. For example, when supply problems were prevalent, such as suppliers falling into administration or problems further upstream restricting supply of product; this forced a greater need for synergy between the purchasing and production functions. In contrast, when challenges happened in the retail market such as merger activity or slowing customer demand, this forced a greater need for synergy between the marketing and production functions. Thirdly, when competitors released new innovations which threatened market share, this forced a greater need for synergy between marketing and purchasing functions. Interview participants in Manufacturer A agreed that purchasing was acting like a "*pendulum*" swaying between

the production and marketing functions depending on the supply chain issues being faced. The interviews were held over several years and so observing the changes to the purchasing function was an important area to link conceptually. It was observed that purchasing often played a mediating role smoothing out conflicting objectives between marketing and production. The control of supplies coming into the business was under continual review and subject to strategic change.

**So, in summary and response to RQ2**, which asks how SCO may be applied as a strategic orientation, this section has emphasised the importance of managing specific behaviours. Suggestions in Chapter II that top management support is a behavioural characteristic are rejected based on these case findings. Instead, this research indicates that leadership should remain as one of the eight [out of nine] behaviours to support SCO and top management support is found to be more relevant for explaining structure, which is one of the three pillars of SCO proposed by Esper *et al.* (2010).

Juttner and Christopher (2013, p.110) questioned if the “*internal turf between departments might be less pronounced, hierarchies are flatter and customer orientation is not only a source of differentiation but of survival*”. [Chapter II, PARA 2.5]. Whilst Atlas findings for interviews between 2009 and 2011 were not significant for evidence of STRUCTURE {1:0}, interviews with manufacturers between 2014 and 2015 found that the market leading companies were focusing on the structural aspects of SCO by adding management layers to their corporate structure. Both of these case companies hoped this approach would help them to steer the manufacturing firms back into business growth, not just a survival tactic.

The supply chain literature suggests that to improve value for the individual firm means there has to be a “*...shift, away from functional orientations towards a more company-wide focus*” (Sweeney (2011, p. 39). Manufacturer A in 2010 confirmed that there was some imbalance of strategic alignment and power across some of the business functions [Questionnaire, 2010: “*sometimes it is a case of who shouts the loudest*”]. Case study findings for this research confirm that both Manufacturer A and Manufacturer B were working to reduce this power and improve the SCO, however, the findings in Activity 2: Strategic Orientation Configuration confirmed that there is still some evidence of working in functional silos.

To answer RQ2, to follow SCO as a strategic orientation, the strategic alignment of purchasing, marketing and production orientations was found essential for the manufacturing organisation in this industry. As has already been explained, demands from the business environment forced a natural pairing of the business functions depending on the supply chain challenge being faced. Strategic coordination of all three business functions for SCO was dependent on employees and management demonstrating specific behaviours. Behaviours have been identified as underpinning the successful implementation of SCO as a multi-dimensional strategic orientation. The behaviours included

capability, trust, change, cooperation, confidence, communication, coordination and finally, leadership which were essential within and across all three function-based strategic orientations.

### 6.3.3 RQ3: What is the role of strategic orientation?

Finally, now that SCM and SCO have been examined in the context of UK touring caravan manufacturing, RQ3 is aimed to probe deeper in understanding the role of strategic orientation for the manufacturing organisation. The components of the Strategic Orientation Pyramid in Chapter II and used as Activity 2 in Chapter V help to better explain the role of strategic orientation. Similar to the responses for addressing RQ1 and RQ2, the structure of the response to RQ3 is firstly, to reflect back on the literature findings for defining strategic orientation by focusing on the different ways the role of strategic orientation has been interpreted [Chapter II]. Then, secondly, the main messages conveyed within the literature review for strategic orientation are mapped against case findings which were collected in two stages: 2009-2011 and 2014-2015. In addition, the three theories [systems theory, resource dependence theory and resource based view] are interlinked to help understand the role of strategic orientation.

The emergence of contrasting strategic orientation approaches was graphed in Chapter II [Fig: 2.7] and three classifications of strategic orientation approaches were identified as function-based strategic orientations, process-based strategic orientations and objective-based strategic orientations [Chapter II, Table 2.10].

**Philosophy** - The emphasis on philosophy to support both SCM and SCO elevates the importance of leadership to guide strategy, structure and behaviours to fit with the business environment. This builds on the McGee's and Spiro's (1988, p. 40) view that strategic orientation "*is a way of operating within the [corporate] climate that the [business] philosophy has set*" [Chapter I, PARA 1]. The literature review has clearly defined business philosophy as the knowledge held and driven by corporate leadership. London and Kenley (2001) and Carter (2011) [Chapter II, PARA 2.4.2] agreed that the business philosophy should prepare the organisation for the business environment challenges being faced. However, this was noted by Barney (1991) as dependent on the resources and capabilities being held within the organisation. As has already been highlighted, Manufacturer A and Manufacturer B have taken slightly different approaches to rebuilding the adequate resources and capabilities required to meet the new business environment challenges but both have invested in a new top management structure.

**Strategy** - In Chapter II, a key point from a study by Cagliano *et al.* (2005) [Chapter II, PARA 2.6.1] emphasised that as the manufacturing strategy changed so must the strategic orientation configuration. Deshpande *et al.* (2012) [Chapter II, Fig 2.13] stressed that strategic orientation becomes more

important to manage in the organisation as competition intensifies. These theories were confirmed by the interviews and observations with the manufacturing case companies between 2009 and 2011.

The changing production strategy in 2009 for Manufacturer A meant that suppliers struggled to adjust the supply of parts ordered, which required new sourcing strategies to be adopted further upstream in the supply chain. This meant suppliers moved from larger quantities of parts ordered to smaller more frequent deliveries of goods to finished goods manufacturers. This strategy was already in place with Manufacturer B which was forced to operate in this way due to the single piece flow production line thus limiting space for storing excess inventories. The added logistics and administrative costs forced the tier 1 supplier to hold inventory. As many UK firms fell victim of the economic recession, and went into administration, the industry supply chain became increasingly reliant on sourcing from overseas with a heavy emphasis on China. This meant lead times for ordering parts were longer. The Strategic orientation pyramid is a reminder that strategy may be applied in the organisation in three ways, corporate level, tactical level and operational level (Lynch, 2006).

**Fit** - In understanding the underlying basis of strategic orientation, Khalifa and Yan, (2007) [Chapter II, PARA 2.7] noted that the strategic orientation decision was dependent on the organisation's resources and capabilities; this has been evidenced by the changes in recruitment and training being offered by Manufacturer A and Manufacturer B in an effort to better balance the strategic alignment of the three key business functions which support manufacturing and to steer the organisation in becoming more supply chain orientated. The first stage interviews [2009-2011] indicated that both Manufacturer A and Manufacturer B and the constituent supply chains were severely *shaken* by the environmental turbulence experienced between 2008 and 2011. The second stage interviews [2014-2015] confirmed that both manufacturing case companies had since undergone radical changes to their strategies and structures. Manufacturer A was also taking further measures to address specific behaviours within the organisation to make it more responsive to change and to improve areas such as trust and cooperation across business functions.

Strategic orientation requires evidence of alignment with corporate strategy, it needs to fit [with the business environment], there needs to be evidence of leadership and as demonstrated earlier this does not necessarily mean having top management support.

The theory proposed by Liu *et al.* (2004) [Chapter II, PARA 2.7.2], stating that strategic orientation configuration was linked to a final maturity target was not proven using these two manufacturing case companies. There was insufficient evidence to suggest that the actions taken to adjust the strategic orientation by these companies were as a result of business maturity. Both manufacturers interviewed were long established businesses.

**Culture {12:11}** – the higher weightings for the number of quotations [12] and related codes [11] are because culture is a broader term for understanding the behaviours which exist within an organisation. Two studies helped to clarify the role of organisation culture in Chapter II [PARA 2.4.3]; Hofstede and Bond (1988) established that culture should be based on a set of accepted behaviours within our close networks. Cadden *et al.* (2012, p.87) examined the importance of a “*cultural fit*” between supply chain members. Cadden *et al.* (2012, p. 96) acknowledged that organisational culture is “*a complex and layered construct*” which needs further deconstructing. This is a useful analogy for understanding strategic orientation and SCO both of which also have many dimensions. To achieve SCO, all employees need to adopt a specific set of supply chain behaviours which includes trust, commitment, cooperative norms, organisational capability and top management as already discussed in response to RQ2 (Min and Mentzer, 2004; Min *et al.* 2007).

Examining the quotations for culture, there was a lot of emphasis during interviews between 2009 and 2011 on reliance and reliability both in the organisation and across the industry supply chain [Retailer A Quotation {6:3}]. These discussions prompted a debate about partnerships [Man A Quotation {12:1}; SUPPLIER A Quotation {13:2}]. The term partnership was often referred to but the behaviours outlined during interviews suggested the contrary and that in reality adversarial type relationships remained as the norm.

**Innovation** - Peterson *et al.* (2005) noted that managers should consider the level of innovation which was feasible for their business. This implied that organisations may be better suited to supplier driven innovation rather than market driven innovation [Chapter II, PARA 2.7.2]. Interview discussions with Manufacturer A and Manufacturer B in 2010 revealed that both companies were focusing on significant product innovations. Innovation featured highly with the number of quotations in interview documents [groundedness] {22-11}. Sigauw *et al.* (2006) further argued that focussing on three areas: strategic direction, a learning philosophy and functional interaction led to developing an innovation orientation. Manufacturer A was relying on the supply market and in-house capabilities for bringing radical change to the design and image of the touring caravan designs. This indicated that there may be a closer synergy between the purchasing and production business functions of this case company. Manu (1992) claimed that adopting an innovation orientation provided the organisation with a strategic direction for responding to and fitting with market challenges. However, manufacturing innovation was not always considered to be a positive strategy in the supply chain. Retailer B (2009) stressed that whilst product innovation was important to stimulate the customer market, they were reluctant to accept too many new product innovations for two reasons: firstly, the negative effect on existing models leading to them becoming obsolete and needing to be discounted heavily, lowering profit margins. Secondly, the problems with managing the aftermarket and ordering of spare parts. This important finding showed

how changes to the strategic orientation in one company could have a negative impact to the strategic orientation of another.

**So, in summary and response to RQ3**, which asks what the role of strategic orientation is; whilst the strategic orientation literature is vast and the various approaches are broad, very few studies were identified in the literature review specifically examining the role of strategic orientation [Refer to Chapter II, Figure 2.12]. Therefore, it is important to reflect back collectively on the dictionary definitions for the basic term role [Chapter II, PARA 2.7.4], the research model and the empirical evidence. Amalgamating several online dictionary definitions, it can be established that the role refers to a comprehensive pattern of behaviours which is expected within an organisation for supporting the strategies for coping with recurrent situations. In parallel to this definition, this research has found that the role of strategic orientation represents a comprehensive pattern of behaviour which forms the corporate culture for supporting the organisational strategy. The strategic orientation of the organisation remains the same for managing the recurrent issues within the business environment. However, when conditions within the business environment change or the employee behaviours change; the strategic orientation must also change.

In terms of understanding the role of strategic orientation, the interviews have slightly contradicted the view by Slater *et al.* (2006) [Chapter II, Figure 2.11] that strategic orientation controls capabilities within the firm. The findings from the UK touring caravan manufacturing industry suggested the contrary applied. Instead, the case findings [2009-2011] indicated that the manufacturing firm's internal capabilities influenced or even controlled the strategic orientation.

A key finding from this research is that in modern day manufacturing, whilst resources and capabilities remain important, it is no longer acceptable to rely on the firm's traditional orientation as proposed by Hayes and Wheelwright (1979). Instead, manufacturing managers today need to consider the strategic orientation approach which best fits the business environment and supply chain challenges being faced. This may or may not meet the existing resources and capabilities held within the organisation. As noted during interviews with Manufacturer A and Manufacturer B in ensuring the manufacturer's strategic orientation fits with the business environment challenges being faced, this may require developing new in-house training programmes or buying in the relevant management skills and expertise to remain competitive in a global economy.

Fundamentally, strategic orientation needs to be managed as a multiple construct within an organisation which is receptive and able to respond to changes in the business environment. Strategic orientation is a form of innovation which cannot be copied by competitors.

## 6.4 Summary of Discussions

This chapter has individually mapped the literature and case findings to answer all three research questions.

- **RQ1: How does supply chain orientation support supply chain management?**
- **RQ2: How may supply chain orientation be applied as a strategic orientation?**
- **RQ3: What is the role of strategic orientation?**

In summary, Mentzer *et al.* (2001) highlighted the importance of behavioural elements for supporting the SCM philosophy which included value, norms, culture and orientation. Esper *et al.* (2010, p. 163) described SCO as “*a shared value and belief system that aids in understanding how the organization should strategically manage its supply chain, and the behavioural norms needed inside the organization*”. Interview discussions with Commercial Directors from Manufacturer A and Manufacturer B indicated that both case companies were working towards creating better shared value system. The discussions in this chapter have already highlighted emphasis on better management of the supply chain and closer collaboration with retailers. Manufacturer A evidenced moving towards a shared value system by mentioning a training programme which was underway addressing the softer behavioural skills for improving communication, cooperation and trust. Foss (1997) emphasised that competitive advantage was reliant on specific employee behaviour patterns as managers tried to overcome the day-to-day challenges. In contrast, Manufacturer B was in the process of forming a Product Development team which involved several managers of business functions to develop new innovative ideas collectively. Again, this demonstrated how the manufacturer was introducing a new way of solving problems and new creating solutions in a more collaborative manner. Previously, decisions had been top down, driven by the business owner, Managing Director and other directors within the business.

The discussions have revealed that supply chain orientation is inextricably linked to supply chain management [RQ1]. The dependency between companies in the industry supply chain relies on the coordination of business functions as fundamental to its success. However, the findings established in this study indicated that the strategic alignment of the purchasing, marketing and production orientations was difficult [almost impossible] to achieve. This is because pressures from outside the manufacturing organisation force a natural pairing of function-based strategic orientations and an urgent need for cooperation between business functions depending on the environmental challenge being faced.

In addressing RQ2, strategic orientation was confirmed as a multiple construct requiring the manufacturing firm to optimally configure function-based, process-based and objective-based strategic

orientations. The strategic coordination of all three business functions for SCO was important from managing the MRPII process but this was dependent on employees and management demonstrating specific behaviours. These behaviours included capability, trust, commitment, communication, cooperation, coordination, confidence and leadership.

Finally, in addressing RQ3, the role of strategic orientation is represented by the organisation's philosophy through leadership, its culture through behaviours and its strategy [accepting that there are three levels of strategy]. Strategic orientation supports the organisational strategy for managing the recurrent issues within the business environment. When conditions within the business environment change or the employee behaviours change; the strategic orientation must also change.

## **CHAPTER VII - CONCLUSIONS**

Chapter I Introduction	Chapter II Literature Review	Chapter III Background Study of the Industry	Chapter IV Research Philosophy & Design	Chapter V Case Study Findings	Chapter VI Analysis, Interpretation & Discussion	Chapter VII Conclusions
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## 7 CONCLUSIONS

Chapter VI has highlighted the key messages in the research and amalgamated the literature and empirical findings from a four phase research process in addressing the research aim and answering three research questions. The key emphasis throughout this research journey has been on conceptual development for better understanding SCO and strategic orientation; this may be relevant to new researchers and the findings offer practical insights for manufacturing managers.

Six case companies have been the focus of the empirical study with emphasis on two manufacturing case companies which were selected as being comparable based on the size of the organisations and experience held within the organisations. This interdisciplinary research has examined the importance of strategic coordination between three function-based strategic orientations: purchasing orientation; market orientation; production orientation proposed in this research as an important contributing factor for effective SCO within the UK touring caravan manufacturing industry.

Chapter VII concludes this thesis by addressing the research aim, the three research questions, key findings from the literature, by offering new research and methodological contributions and finally, proposing new research ideas for the future.

### 7.1 Meeting the Research Aim and Objectives

The main purpose of this research has been to examine the role of strategic orientation by selecting and pursuing the right strategic orientation approach for effective supply chain management (SCM). As a key concept, SCO research was noted in Chapter II as being less conceptually developed than SCM. This research contributes to fulfilling this shortfall by identifying SCO as a multiple construct and a process-based strategic orientation which requires the alignment of three function-based strategic orientations: purchasing orientation, marketing orientation and production orientation.

This study investigates why it is important for an organisation to retain a configuration, meaning an alignment of strategic orientation approaches, not just relying on one approach. Existing studies have

identified that individually, these three function-based strategic orientation approaches support the necessary flows, such as product, capital and information flows within the organisation supported by specific behaviours for effective SCO and SCM. To achieve SCO, Esper *et al.* (2010) acknowledged the importance of managing behaviours such as cooperation and trust. This study examines how these behaviours create the important linkages and dependencies between purchasing orientation, market orientation and production orientation that can contribute towards achieving SCO.

The investigation is framed by three research questions:

- **RQ1: How does supply chain orientation support supply chain management?**
- **RQ2: How may supply chain orientation be applied as a strategic orientation?**
- **RQ3: What is the role of strategic orientation?**

The research project has explored the complex issues involved in managing the manufacturing firm's (SCO), which has been noted in the literature is an important pre-requisite for effective supply chain management (SCM). SCO was first mentioned in studies in 2001, yet, its conceptual development has been fragmented. Hence, this research offers a fresh perspective in examining SCO by building on the study by Esper *et al.* (2010) and offering a more detailed conceptualisation through a research model.

Chapter I highlighted the recommendations from five UK manufacturing reports: PwC (2009); BIS (2009); IMSS (2009); Mellows-Facer (2010) and RAE (2012) where some common themes were identified as ongoing challenges for UK manufacturing managers. All five manufacturing reports focussed on the need for UK manufacturers to understand supply chain systems and end-to-end processes. In other words, management of the internal and external supply chain was recognised as becoming an increasingly significant factor for manufacturing success. For example, the Mellows-Facer report (2010) emphasised the need for a refocus in understanding the right resources and capabilities for improving the supply chain system. Manufacturing resources were emphasised in the BIS report (2010) as "*raw materials, physical capital, intangible investment, skilled and non-skilled labour, knowledge labour, natural resources and financial capital*" (ibid, p.1).

In contrast, authors such as Porter (1980; 1990), Bartezzaghi and Turco (1989), Shi and Gregory (1998) and Cagliano *et al.*, (2005) have stressed that managers need guidance on critical issues, such as corporate structure, strategic capabilities and strategic processes. Whilst cross-functional conflict between marketing and production has been a topic of debate since Shapiro (1977), Piercy (2007) highlighted the ongoing problem of cross-functional conflict between the marketing and operations functions. The findings from these studies indicated that more research was needed in understanding how to re-evaluate their firm's market proposition, strategy, strategic orientation and business model (structures, systems and processes).

Underpinning this investigation three theories have been explored in Chapter II and used to support the case findings in Chapter V and discussions in Chapter VI. These include systems thinking, resource dependence theory [RDT] and resource based view [RBV]. According to Chicksand *et al.* (2014), these three were amongst the most dominant theories being applied in the supply chain context. The underpinning theories utilised and prioritised for this research are presented in Table 7.1. The three theories have been helpful in gaining a deeper understanding of SCO as a multiple construct.

THEORY	DESCRIPTION	AUTHOR
<b>Systems Theory</b>	Was traditionally applied, analysing the internal processes of organisations with an emphasis that individual parts needed to be related to the whole. Has been criticised for being unsuitable for addressing the softer aspects in business management	Emery and Trist, (1965) Rigby <i>et al.</i> (2000)
<b>Resource Dependence Theory (RDT)</b>	<i>“The resource dependence model portrays the organization as active, and capable of changing, as well as responding to the environment”</i> RDT emphasises the interdependency across business functions and across organisations in the supply chain relevant for addressing the softer, behavioural type research	Aldrich and Pfeffer, (1976, p. 83). Rigby <i>et al.</i> (2000)
<b>Resource-based theory (RBV)</b>	Provides an internal analysis of the necessary factors for firms to achieve a sustained competitive advantage Resources can be identified as the assets, capabilities, processes, information and knowledge that are controlled by the firm.	Barney (1991; 1995; 1997) Rungtusanatham <i>et al.</i> (2003) Wu <i>et al.</i> (2006).

**Table 7.1:** Underpinning Theories

This empirical research confirms that the success of a manufacturing supply chain system is reliant on resources not just within the organisation but within the supply chain. Rigby *et al.* (2000) argued that RDT emphasises the interdependency across both business functions and across organisations in the supply chain. Hillman *et al.* (2009) proposed that integrating RDT with RBV would be productive, yet few authors, if any, have adopted this combination by linking these theories. This research has attempted to show how this could be possible.

## 7.2 The Research Process

Empirical evidence was gathered between 2009 and 2015 from a single industry, the UK touring caravan manufacturing industry. The UK touring caravan manufacturing industry had not previously been the focus of an academic supply chain study, thus it provided an original platform to conduct the research. Chapter III has presented a background study of the industry to help set the research context. Six case companies were selected for the research. The findings from two suppliers and two retailers were corroborated against the findings from two manufacturing case companies. All companies were UK based and supported each other in the industry supply chain.

The data collection was conducted in two stages. The first data collection period was between 2009 and 2011, at a time when manufacturing managers had to deal with unfavorable economic conditions. Thus, there was a need for managers to go beyond the strategy level and to re-examine the way their businesses were fundamentally orientated. UK manufacturing managers were faced with adopting survival tactics instead of investing in a more sustainable source of competitive advantage.

The second stage of interviews was held in December 2014 and January 2015 when, two manufacturing case companies were invited to participate in discussions utilising three activities:

- The Strategic Orientation Pyramid;
- The Strategic Orientation Configuration Circles;
- The Research Model Questionnaire.

These interview activities were derived from the literature review and when used for the interview discussions, these were aimed at gaining a deepened understanding of the manufacturing firm's SCO. Industry supply chain related challenges became the focal point of discussions during all interviews held between 2009 and 2015.

### **7.3 Evaluation of the Literature Findings**

Adopting a critical realist perspective, in order to start and address each of the three research questions, the key concepts examined includes, SCM, SCO, strategic orientation and cross-functional coordination. The purpose of the literature review was to critically evaluate each of these four key concepts and establish clear delineations between them.

#### **RQ1: How does supply chain orientation support supply chain management?**

**Supply Chain Management** – from the literature review it was noted that SCM has become a well-established research area with authors offering an abundance of different definitions for it (Stock and Boyer, 2009). In terms of highlighting SCM as a source of competitive advantage, it was noted that SCM only becomes effective when it is embedded within the corporate philosophy of an organisation (Ellram and Cooper, 1990; Cooper and Ellram, 1993; Chandra and Kumar, 2000; Mentzer *et al.*, 2001) [leadership] and supported by organisational culture (Mello and Stank, 2005)[behaviours].

Historically, the unit of analysis in supply chain studies has examined the inter-firm relationship involving often multiple organisation's in complex networks within a supply chain. This research has focused on the importance of understanding the firm's internal supply chain, argued as being a pre-requisite for SCM (Mentzer *et al.*, 2001). There has been a growing interest in distinguishing between

SCO and SCM. This research offers to fill that research opportunity by filling research gaps. SCM strategy was confirmed (Min and Mentzer, 2000; Mello and Stank, 2005; Cadden *et al.*, 2012). Similarly, there has been growth in interest in understanding the SCO within an individual organisation (Mollenkopf *et al.* 2007).

According to the literature review and Table 2.4 [Chapter II] the behaviours for SCO and SCM are similar which suggests that the underlying basis of implementing SCO should be the same as SCM. A study by Esper *et al.* (2010) was one of the first to bring clarity to the confusing boundaries between SCO and SCM. Esper *et al.* (2010) stated that “*SCO cannot be understood without incorporating both a firm’s strategic intention to compete via supply chain capabilities and the firm’s internal structural elements*”. This study has built on this statement in addressing the strategy, structure and behaviours which support effective SCO.

## **RQ2: How may supply chain orientation be applied as a strategic orientation?**

**Supply Chain Orientation** - The literature searches highlighted an increased popularity in SCO research since 2005. SCO has been acknowledged by authors such as Mentzer *et al.* (2001; Mello and Stank, 2005; Esper *et al.*, 2010; Juttner and Christopher, 2013) as a management philosophy for supporting SCM which has transformed business thinking. SCO leading to SCM create the foundation for a more sustainable source of competitive advantage (Cooper and Lambert, 1997; Spekeman *et al.*, 1998; Mentzer, *et al.*, 2001; Tan, 2001; Christopher and Holweg, 2011). However, Laskowska-Rutowska (2009) stressed that implementing SCO often required a cultural shift within the firm, though few studies have probed into the behavioural aspects of SCO in the individual organisation. These behavioural traits include trust, shared values, collaboration and coordination of business functions (Esper *et al.*, 2010).

The growth in the number of SCM and SCO studies suggests that these are accepted business philosophies, yet two key challenges remain (Esper *et al.* 2010):

**Cross-functional coordination** remains a key challenge for manufacturing organisations, especially between marketing and production [or operations] (Crittenden *et al.*, 1993; Crittenden & Crittenden, 1995; Mollenkopf *et al.*, 2007; Piercy, 2010 b) and has been a key investigation throughout this thesis. In Chapter II the strategic relevance and irrelevance for marketing, purchasing and production was explored in the manufacturing context. Problems with managing the marketing and production [or operations] interface have frequently been the centre of author investigations linking this area of conflict to affect the management of supply chains (Crittenden *et al.* 1993, Crittenden & Crittenden, 1995, Piercy, 2007). However, there have been few, if any published studies examining the links between all three business functions in support of SCM. The purchasing function has become strategically elevated

in the firm and is more frequently noted by authors as a strategic orientation (Rajagopal and Bernard, 1994, Carr and Schmeltzer, 1999, Guinipero *et al.* 2006). Despite this, purchasing orientation continues to be questioned as a single solution to support the firm's supply chain. This ongoing uncertainty and questioning by authors and managers has been termed as purchasing myopia (Rosemeijer, 2008, Lawson *et al.* 2009).

The literature review highlighted an ongoing problem for managers who struggle to achieve a comfortable **FIT** between strategy, structure and the business environment. Whilst philosophy and culture have been defined in the review, there have been few clear definitions of both key concepts in the supply chain literature.

### **RQ3: What is the role of strategic orientation?**

Understanding the foundations of strategic orientation as a key concept as a complex concept implementation required an inter-disciplinary approach in the literature searches. In addressing RQ3, this research has demonstrated how strategic orientation goes beyond the realms of representing business functions or processes. Instead, the phenomenon reaches deeply to help shape the organisation's business model. Figure 2.6, Table 2.1 and Table 2.9 [Chapter II] presented the historical emergence of strategic orientation approaches adopted since 1900. Figure 2.10 classified these strategic orientation approaches into business functions, processes and objectives to better understand what has affected managers' decision making.

The Strategic Orientation Pyramid emphasises a business' philosophy driving change down through the organisation and corporate culture as a bottom up approach. These need to fit with the business environment challenges being faced.

The literature searches found that the extent of strategic orientation development goes beyond business functions, business objectives and business processes. Alternative strategic orientation approaches identified in the literature included Philosophical Orientation (Burker, 2005, Gould, 2010), Management Orientation (Buffa, 1983, Shin & Collier, 2000), Customer Orientation (Drucker, 1955), Stakeholder Orientation (Berman *et al.*, 1999), Relationship Orientation (Narver & Slater, 1990, Callaghan & Shaw, 1991) and even Cultural Orientation (Hofstede, 1991). In other words, the role of strategic orientation is to provide the necessary behaviours to support for example, a management orientation or a cultural orientation.

## 7.4 Research Contributions

The main research contributions include firstly, providing a more detailed conceptualisation of SCO through a new research model [Chapter II, Fig: 2.18]. Secondly, the research has more clearly defined strategic orientation and its role in the manufacturing supply chain context. A second framework is offered. Each of these is now explained.

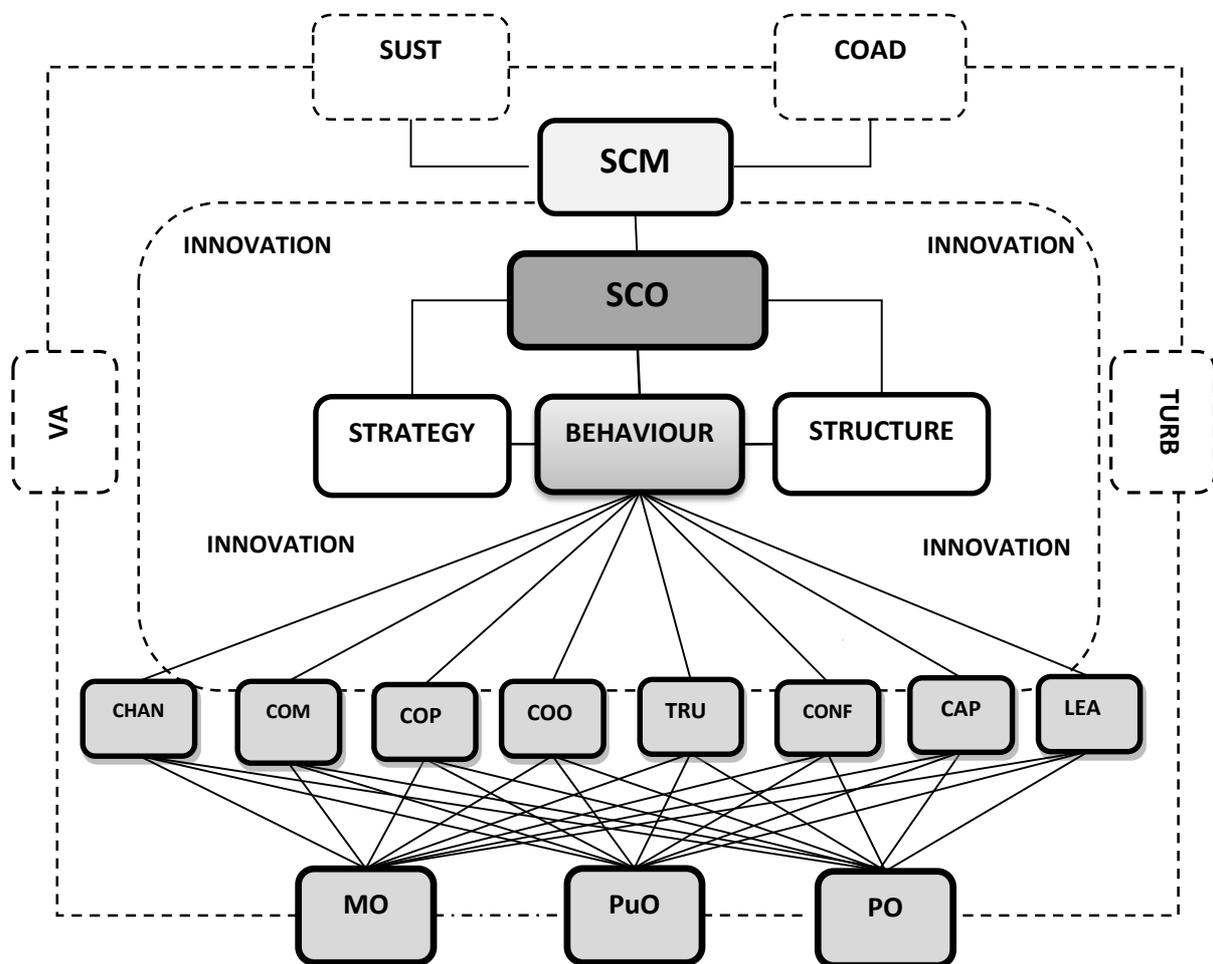
The search for SCO studies applied to the manufacturing sector and more specifically to the UK manufacturing context revealed very few papers. Hence, this research helps to fill this void in the literature. The empirical research has demonstrated firstly, that SCM is still as relevant for managers at the time of writing as it was during the first published declaration by Oliver and Webber (1980). However, the challenge for managers to get SCM right in a hyper-turbulent environment is far greater.

### 7.4.1 Defining Supply Chain Orientation (SCO)

In addressing **RQ1**, the discussions in Chapter VI have confirmed that SCO is inextricably linked to SCM and as was proposed by Esper *et al.* (2010) SCO is found to be an important antecedent of SCM. The dependency between companies in the industry supply chain relies on the coordination of business functions as fundamental to its success. The findings established in this study indicated that the strategic alignment of the purchasing, marketing and production orientations was difficult [almost impossible] to achieve. This is because pressures from outside the manufacturing organisation forced an urgent need for cooperation and hence a natural pairing between strategic business functions depending on the environmental challenge being faced. The interviews and observations between 2009 and 2015 revealed an important observation and research contribution that the purchasing function was acting as an intermediary or moderating role in smoothing the conflicts between production and marketing. This finding confirms the view of Crittenden (1992) and Lawrence and Lorsch (1967), that each business function requires different roles and characteristic strengths. For example, “*salespeople tend to work in marketing because of their person orientation, and production operators stay in manufacturing because of their technical orientation*” (Crittenden, 1992, p. 50). In contrast, the very essence of the purchasing role is managing relationships (Carr and Smeltzer, 1999). The purchasing role was described by one manufacturing participant in the second stage interviews [2014-2015] as a *pendulum* floating between marketing and production depending on the supply chain challenge being faced.

In addressing **RQ2**, both the strategic orientation and SCO were confirmed as multiple constructs requiring the manufacturing firm to optimally configure function-based, process-based and objective-based strategic orientations which builds on the studies by Pearson (1993) and Hult *et al.* (2008) respectively. The strategic coordination of all three function-based strategic orientations was important for managing the MRPII process but this was dependent on employees and management demonstrating

specific behaviours. Examples of these behaviours included trust, commitment, cooperation, capability and leadership, the latter of which was found to be critical within and across all three business functions. The requirements within the MRP II framework aligned closely to the structural and strategic components of SCO. The main output from both the literature review and case findings for more fully understanding SCO is the revised research model re-presented in Figure 7.1. This model has been referred to frequently throughout the research since it was introduced as part of the literature summary in Chapter II. The concept of top management support has been removed; the interview findings in Chapter V revealed that this fitted better with the concept of structure. A company may have top management but these individuals may lack the necessary leadership skills. Hence, leadership remains as one of the behaviours proposed in the research model.



**Figure 7:1** Research Model and Key

<b>SCM</b> Supply Chain Management	<b>PO</b> Production Orientation	<b>SUST</b> Sustainability	<b>TURB</b> Turbulence
<b>SCO</b> Supply Chain Orientation	<b>MO</b> Market Orientation	<b>VA</b> Value Added	<b>CONF</b> Confidence
<b>COAD</b> Competitive Advantage	<b>COO</b> Coordination	<b>CHAN</b> Change	<b>COM</b> Communication
<b>PuO</b> Purchasing Orientation	<b>COP</b> Cooperation	<b>CAP</b> Capability	<b>LEA</b> Leadership
			<b>TRU</b> Trust

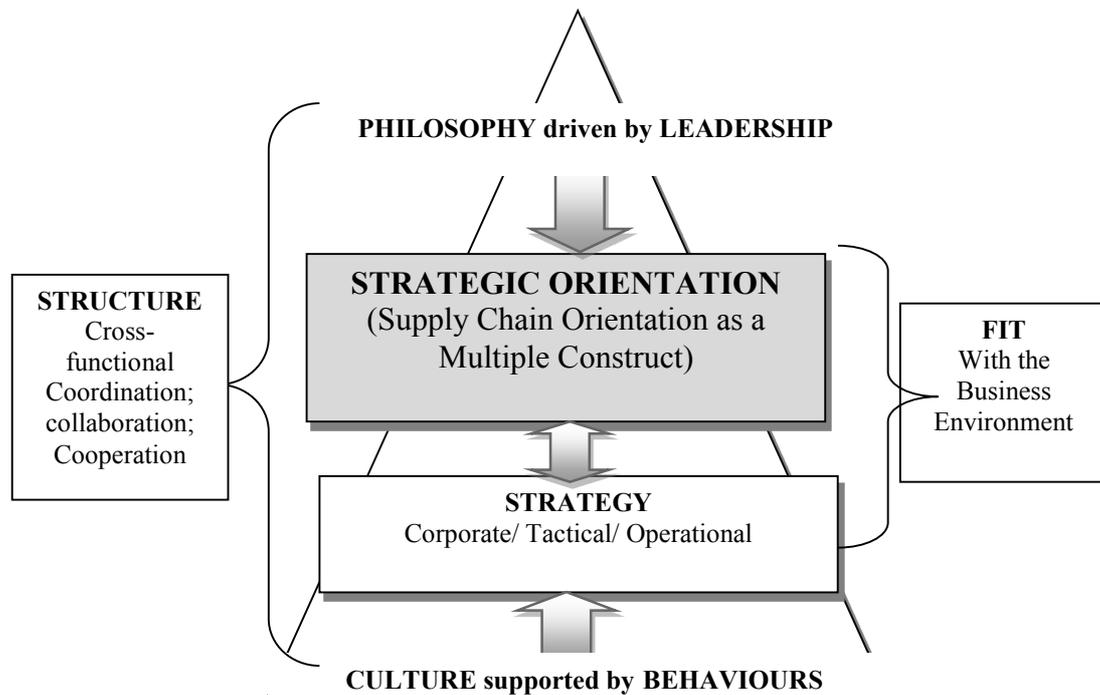
Few, if any existing studies have examined the role of purchasing, marketing and production (or operations) as strategic functions, in support of SCO. This research posits that these three business functions, purchasing, marketing and production need to be sufficiently strategically elevated to become strategic orientations for the manufacturing firm. Building on the study by Mello and Stank (2005), within these function-based strategic orientations, specific behaviours affecting the organisational culture must be evident before SCO and SCM can become effective.

#### **7.4.2 Defining Strategic Orientation**

An initial review of the existing marketing and supply chain literature in Chapter II has exposed difficulties in trying to pinpoint a clear definition for strategic orientation. Therefore, this research has brought greater clarity to the definition and constructs of strategic orientation by utilising a framework which may be of interest for future researchers and managers.

In providing a rationale for utilising a niche manufacturing study, Chapter I explained that, historically, Hayes and Wheelwright (1979) emphasised the need for manufacturers to understand the traditional orientation, the one which was an inherent reflection of the firm's functional resources and capabilities. Whilst this theory is over thirty years old, manufacturing managers today seem to be faced with similar ongoing problems. Building on this, the research has found that in modern day manufacturing, whilst resources and capabilities remain important, it is no longer acceptable to rely on the firm's traditional orientation as proposed by Hayes and Wheelwright (1979). Instead, manufacturing managers today need to consider the strategic orientation approach which best fits the business environment and supply chain challenges being faced. This may or may not meet the existing resources and capabilities held within the organisation. As noted during interviews with Manufacturer A and Manufacturer B in ensuring the manufacturer's strategic orientation fits with the business environment challenges being faced, this may require developing new in-house training programmes or buying in the relevant management skills and expertise to remain competitive in a global economy.

In addressing **RQ3**, the role of strategic orientation was found to represent a comprehensive pattern of behaviour which supports the organisational strategy for managing the recurrent issues within the business environment. When conditions within the business environment change or the employee behaviours change; the strategic orientation must also change. In addition to the theoretical contributions, Figure 7.2 is a reminder of the **Strategic Orientation Pyramid Framework** proposed in Chapter II and utilised for Activity 1 in the second stage of interview discussions. This framework offers practical guidance for managers in understanding the important role of strategic orientation in the supply chain context which is argued as affecting the organisation's success or failure.



**Figure 7.2:** The Strategic Orientation Pyramid applied to Supply Chain Orientation (SCO) (Developed from Esper et al. 2010)

The literature review has investigated 36 different strategic orientation approaches which have emerged in the literature since 1900 (Fig.2.6, Chapter II). In addition, the literature review offers new contributions in understanding how the concept of strategic orientation has evolved over time:

- Chronological order
- Eras to depict management thinking
- Business growth life cycles
- As a branching evolution

The case study findings indicated that whilst strategic directions tended to follow trends from the business environment, strategic orientation may be understood as an evolving tree with new branches of growth. Traditionally, authors have perceived that as one strategic orientation is created another becomes obsolete. Interviews with Manufacturer A and Manufacturer B between 2009 and 2015 indicated that organisations need to adopt a configuration of strategic orientations and dependent on the business environment challenges being faced; one or two of these approaches may become more prominent. This theoretical observation could further be explained using theory of conceptualism; Bothamley (1993) argued that one governing concept would always prevail. This theory suggests that firms which adopt SCO also need to consider market orientation, purchasing orientation and production

orientation in support of a developing and maintaining a customer focus. Dependent on the business environment challenges, the configuration of these function-based strategic orientations prevails. The findings show that when there were challenges in the upstream supply market, purchasing orientation and production orientation became dominant. In contrast, when there were difficulties downstream, with retail and end customer demand levels, purchasing orientation and market orientation became more dominant.

In agreement with studies by authors such as Crittenden *et al.* (1993), Crittenden and Crittenden (1995), Piercy (2007) and Piercy (2009) which examined the marketing and operations interface, this research has confirmed that cross-functional relationships remain difficult to manage due to ongoing conflicting objectives. One of the main roles for marketing is to continually drive sales forward; whereas operations are encouraged to optimise internal process costs, which may mean reducing the workforce or number of production lines when customer demand is uncertain and fluctuating.

Evidence from case study findings demonstrated that since 2011 the purchasing function and role has been strategically elevated in both Manufacturer A and Manufacturer B. Interviews with Manufacturer A and B confirmed purchasing decisions were the first area to be affected by an economic recession (Van Raaij and Franken, 1984). In both case companies, Manufacturers A and B, the purchasing professionals worked closely with production (rather than with marketing) though this was slightly more evident in Manufacturer A perhaps due to the close proximity of the offices.

One of the challenges identified when first researching strategic orientation was the many contrasting definitions available. El-Ansary (2006, p.280) described strategic orientation as “...a multi-dimensional variable that reflects the strategic purpose, market, knowledge, structure and functional strengths to influence management decision making”. However, broad and complex definitions like this often fail to mention the relevant key environmental factors which trigger the process of re-orientation. Hence, a reminder of the definition offered in Chapter II is as follows:

***Strategic orientation is a multi-dimensional construct determined by dominant business functions which are supported by relevant and timely business processes to fit the firm’s mission, objectives and strategy. Strategic orientation is driven by leadership and shaped by individual employee behaviour to build in resilience for the firm to respond to changes within the business environment. Selecting the appropriate strategic orientation configuration can have a profound impact on the firm’s’ success...or failure.***

(Author)

In summary, this research offers eight NEW research contributions and conceptual nuances for understanding SCO and strategic orientation; these are listed in order of suggested importance for future researchers and managers:

- Firstly, the research offers a new Strategic Orientation Pyramid for better understanding the components of strategic orientation.
- Secondly, the research proposes a new Research Model [Fig: 7.1] in understanding the likely variables for measuring SCO.
- Thirdly, the thesis offers new theoretical development in understanding the relationship between SCO and SCM by defining the role of strategic orientation in the supply chain context.
- Fourthly, the findings from this research suggest that optimally configuring and harmonising the firm's internal function-based strategic orientations is a pre-requisite for managing SCO as an antecedent for SCM in pursuing a more sustainable competitive advantage.
- The fifth contribution is founded on empirical evidence which is predominantly qualitative to propose that in order for the manufacturing organisation to manage its supply chain flows effectively through SCO, the purchasing, marketing and production functions should be seen as operating interdependently. These MUST be supported by specific behaviours such as trust, commitment and cooperation amongst all employees from all three strategic business functions.
- The sixth is a conceptual nuance which builds on the existing knowledge that the purchasing function is the first area adversely affected during periods of economic uncertainty. The purchasing function needs to be strategically elevated and aligned with marketing and production functions to support the firm's SCO and SCM. This becomes important when managers are forced to adapt the manufacturing strategy due to variations in demand levels which affects management of the supply chain.
- The seventh conceptual development evidences that strategic purchasing plays an important intermediary role in smoothing over the conflicting strategies between marketing and production.
- The eighth conceptual development identifies that there are similarities between the MRPII system and SCO.

## **7.5 Methodological Contributions**

**Coding process** - Whilst general coding guidance available in research methods texts suggests that coding is completed in a single cycle, Friese (2012) proposes two cycles to the coding process as there is a need to delete, rename and/or re-group the codes created. However, during the research process for this study, three cycles were undertaken to bring more control and relevance to the final conceptual framework and linking of the literature. The first round of coding was driven by an inductive approach.

This meant the empirical findings influenced the code names by utilising open or in-vivo codes. During the second round of coding, the codes were scanned for duplication and any codes without corresponding quotations were deleted. The third round of coding provided an opportunity for the researcher to condense the list of codes to a manageable group size. This made it easier for the analysis when linking the codes to key concepts and quotations to the existing arguments in the literature.

**Interdisciplinary Research** – This research was initially driven utilising a systematic process of review across nine business disciplines selected from the ABS list. Firstly, this in-depth approach ensured maximum exposure to existing definitions of strategic orientation. Secondly, due to the absence of definitions for strategic orientation in the supply chain literature, the interdisciplinary approach enabled comparison across different business research disciplines to understand how strategic orientation as a concept had been applied to other key business functions, business processes and business objectives.

**New Research Industry Application** - This study does not claim to be ethnographic. However, the UK touring caravan industry was a previously unexplored industry which meant that prior to conducting any research, some detailed information was required about the industry history, market structure and typical supply chain challenges. Researching an industry which has very little published information readily available brought early challenges in the research process. Hence, discussions with individuals across the industry supply chain have been on-going since the research proposal was first written in 2007. Collecting the industry data on production figures and trends and simply getting to grips with understanding the agents for change has required much more than the straightforward interviewing process. Attendance at trade shows, customer shows, interacting with both industry members and caravan customers at industry shows and even visiting exhibition trade stands has been an important part of the early research process. The National Caravan Council (NCC) and The Caravan Club have become constant sources of support throughout the research process in sharing industry wide perspectives on some of the supply chain related challenges which have affected the manufacturing of touring caravans. Chapter III has provided an opportunity to showcase some of the key industry facts which may be of interest to other researchers.

**The Relevance of the Gatekeeper** - In terms of research methods utilised for this research, the importance of the gatekeeper has already been highlighted in Chapter IV. This was especially relevant when embarking on new research and in an industry which was previously unexplored for academic research. This point becomes even more important when researching an industry whose members perceived it to be a close knit community. Therefore, identifying the gatekeeper for this industry was considered as a critical success factor for this research. Support from a gatekeeper further ensured

maximum engagement from industry participants. Importantly, this research has found that it may be necessary to engage more than one gatekeeper.

## **7.6 Stakeholder Impact on this Research**

The research motivation derived from the five manufacturing reports, the findings of which were explained in Chapter I. The recommendations from these reports emphasised the importance of protecting UK manufacturing for a variety of stakeholders. This research was hoped as having positive influence on the performance of the six case companies who participated between 2009 and 2015, in that participants as managers and Directors will now consider more deeply the most appropriate strategic orientation approach for their organisation. The improved future performance of these companies through the planned strategic orientation approaches will have a knock on effect to UK tourism and hence, UK government. In addition, this research is already contributing to research-led teaching.

### **7.6.1 Impact on the UK touring caravan manufacturing industry**

As noted in Chapter III, this industry represents £6 billion contribution to UK GDP. The industry background study in Chapter III highlighted perceptions across the industry members that the core strength of the industry was its supply chain relationships. The UK touring caravan manufacturing industry was termed by individuals as being a “*close knit industry*”. Interviewees felt this strength of relationships in the supply chain created barriers to entry for new players entering the caravan market.

*The majority of businesses in the industry are SMEs or micro-enterprises, usually independently owned and managed as a family concern.*

(NCC: Industry overview)

This point was perhaps demonstrated by the unsuccessful merger in the dealer networks by Discover Leisure Plc. The senior executive team failed to enforce radical change across the industry supply chains whereby, the push for change became a detrimental force in its own business. This coincided with a severe fall in demand for new caravans, eventually driving the business into administration in 2010. The case study findings presented in Chapter V confirmed that the difficult economic conditions noted between 2008 and 2012 had fundamentally shaken the performance levels of individual businesses in the UK touring caravan manufacturing industry. The positive feedback received from individual research participants since the research interviews suggests the research and interview process has been two way learning experience which provided opportunity for the Managers and Directors to take time out to think more strategically and critically about their competitive business offering going forward.

At the time of writing up the thesis, manufacturing firms such as Fifth Wheel Co. have established themselves as a small but new caravan manufacturer, and Eterniti Caravans opened a new manufacturing plant in 2012. A further significant development during the writing up phase for this thesis was the revival of a 1960s UK manufacturer: originally Carlight Caravans Ltd was established 1932 (Carlight Caravans: home).

It is hoped the industry will take measures to build on the core strengths identified in this research such as high levels of trust and emphasis on relationship management in working towards a more collaborative approach across the industry supply chain. This study has demonstrated the importance of maintaining trust and confidence even during times of crisis.

### **7.6.2 Impact to UK Government**

Chapter I highlighted key findings from five UK Manufacturing reports as already mentioned. The key point taken for developing this research is the indigenous nature of UK manufacturing. The reports highlighted the importance of protecting UK manufacturing not just for the manufacturing organisations themselves but for the wider supply chain companies which would be greatly and negatively affected if the manufacturers fell into administration. These wider supply chain benefits were termed in the reports as value adding benefits of UK manufacturing.

*“The industry has a vital role to play in the battle to keep holiday spend in Britain, thus helping to stem the ever-widening gap in the tourism balance of payments”*

(NCC: Industry overview)

### **7.6.3 Impact on Teaching**

The research journey for the PhD has been an invaluable one. Apart from the methodological knowledge gained, the frameworks and models presented in this thesis have already been used in teaching at undergraduate and postgraduate levels. These have become useful tools for explaining how and why purchasing needs to liaise closely with other business functions and move away from silo thinking to achieve SCO and SCM. When you are teaching a concept there needs to be explicit clarity in the definitions used so that students can easily understand the relevance and importance. Teaching these concepts was found to be a useful exercise when first setting out on the research journey.

### **7.6.4 Impact on Research Outputs**

The primary focus as a researcher has been in developing high quality research skills for publishing journal articles. However, in terms of outputs there was also an opportunity to publish the research findings to industry participants via an industry trade journal.

The research outputs achieved up until the date of submission (April, 2015) include four international conference papers used for peer review and individual feedback. The colloquia include International Symposium on Logistics (ISL) (2009) Istanbul, ISL (2010) Malaysia; Production and Operations Management Society (POMS) (2011) Vancouver, and ISL (2012) Cape Town. The proceedings of ISL, 2009 led to a publication in a Special Edition for International Journal of Production Economics (IJPE). The paper was titled, *an examination of the role for business orientation in an uncertain business environment* (Lynch *et al.* 2012). All outputs are included in the reference list of this thesis.

In addition to these scholarly articles, an invitation was received by the National Caravan Council (NCC) to publish a two page article (Autumn, 2010) in *The (NCC) Business* which is a quarterly industry journal distributed to NCC industry members. The article was titled, *Supply Chain Reaction*. This publication also provided an opportunity to raise awareness of the research project and the associated benefits of individual supply chain members participating in academic research. The feedback received from industry members following the publication was very positive, with some members expressing interest for more research projects applied to the UK touring caravan manufacturing industry.

### **7.7 Evaluation of the Research Limitations for this Study**

One of the main limitations with this study was that empirical evidence was taken from a single industry perspective. Participants were carefully selected to ensure that each interviewee represented an organisation which held majority share or interest in the UK touring caravan manufacturing industry. However, the author accepts this impacts on the generalisability of the research findings.

One of the challenges which have limited this research has been access to companies for data. The research was started as a global economic recession period started to take effect in 2008. Examining the responses that individual manufacturers were taking was a sensitive area for examination, made worse because the UK touring caravan industry was contracting on a daily basis, which meant that industry members were cautious about sharing confidential information.

Further limitations included the method and tool for analysis. Adopting a case study approach suggested a more in-depth study was required. In terms of generalisability it may have been helpful to take a cross industry perspective, focusing purely on using the model as a tool for testing variables. However, the case study approach has enabled the critical in-depth discussions and debates with industry members at senior management level during this seven year research period. Face-to-face interviews have ensured reliability of the data gathered and that the information has come from the right sources. When undertaking a broader large scale survey approach there is no accounting for who has really undertaken the survey and answered the survey questions.

## 7.8 Future Research Directions

Future research directions are suggested as follows;

**Further Testing of the Research Model** - The literature findings have confirmed that SCO remains an under-developed concept. Yet, as a business model solution, it draws from many well established theories and key concepts. Future research should investigate the challenges in implementing SCO across different industry sectors. Research findings could be mathematically tested using multi-criteria decision analysis methods, such as Fuzzy Analytical Hierarchy Process (AHP). This might lead to new typologies being created for company's' attitudes and skill sets required when fostering SCO.

**Darwin's Theory** - The research findings relate closely to the biological studies of Darwin who proposed that evolution takes place through natural selection or "*survival of the fittest*" (Darwin: survival of the fittest). This theory emphasised that it is not always the fittest which survive. However, the greater the fitness, the more likely there will be success in survival. For those who are less fit, survival becomes an unlikely option. Darwin's biological theory can be re-applied in a commercial setting. This study has found that organisations in the UK touring caravan manufacturing industry have survived due to a high level of internal fitness. This fitness may be associated with organisational maturity but in this study, fitness is argued as being present in firms which manage the important elements of SCO effectively. These elements include the necessary strategy, structure and behaviours to fit with the business environment. Future research could apply RBV and RDT to support such a study.

**Perception Theory** – The second stage interviews noted in Chapter V utilised the Strategic orientation Configuration Activity (Paper Circles) and the Research Model Questionnaire to test contrasting perceptions from managers of three individual business functions [purchasing, marketing and production]. The findings showed high variations in responses to questions across the business functions. The theory behind this could be better tested by utilising perception theory as the theoretical underpinning.

**SCO and Trust** – This research proposal is linked with the behavioural elements of SCO. This research has stressed the importance of understanding corporate culture and developing behaviours such as trust, commitment, cooperation and confidence in support of a firm's SCO and SCM. Future research should examine these independently. During the second stage interviews with Manufacturer A when discussing the research model questionnaire, it was noted that trying to apply complex concepts such as trust at a functional level was not feasible as trust should be applied at an individual level. Therefore, future research could investigate the individual trust levels within a business function depending on its strategic relevance or irrelevance. In addition, using the research model offered as a main output in this

thesis, an organisation which is found to have high levels of supply chain orientation could be tested against single concepts such as trust across the three business functions proposed.

**SCO and Supply Chain Resilience** - The literature and case study findings have indicated that firms can build supply chain resilience by recognising the importance of fit between the appropriate strategic orientation configuration and the business environment. There are currently few, if any, studies which examine this relationship. In addition to these findings, the empirical findings from the UK touring caravan manufacturing industry have further indicated that organisations which recognised the importance of aligning the appropriate strategic orientation configuration to fit with the business environment become more supply chain resilient and would subsequently achieve a sustainable competitive advantage. This is evidenced by increased market share. There are currently few if any studies which examine the importance of the strategic orientation decision for supply chain resilience.

**Defragmenting Strategic Orientation** - Whilst the focus of this thesis has examined three strategic function-based strategic orientations, it is likely that, within each of these, further orientations exist. The marketing literature has many studies which defragmenting the marketing concept in understanding individual strategic orientations in their own right, e.g. customer orientation and competitor orientation. However, there is little existing research in the supply chain literature which applies this same defragmented approach for purchasing, operations and even SCO.

**Developing New Strategic Orientation Configurations** - In terms of developing the strategic orientation concept, this research has confirmed that the strategic orientation decision is a complex one. Manufacturing firms need to adopt more than one strategic orientation (Pearson, 1993, Gatignon and Xuereb, 1997, Voss and Voss, 2000). Furthermore, configurations of strategic orientations are very much shaped by the corporate culture and philosophy to fit the business environment. Importantly, amongst the strategic orientations present, there are likely to be conceptual overlaps which suggest that these strategic orientations evolve over time. Future research could explore configurations between other function-based strategic orientations such as purchasing and finance or purchasing and human resource management.

To end a seven year research journey and bring this thesis to a close, the learning process has been extensive, both in gaining a deepened understanding of conceptual development and also methodological design. This research has provided an opportunity to explore the concepts of strategic orientation in the supply chain context. The early motivations presented as the preface raised the key question to understand what was really helping to steer a business and its strategy. The concept of strategic orientation has quite often been portrayed in the literature as a simple concept and that the choice of strategic orientation approach is clear cut, quite often dependent on the trends in management

thinking at that time. This research has shown that, in contrary to this, strategic orientation is a very complex and sophisticated concept. There is an inherent danger that organisations focus on a strategic orientation which reflects the existing resources and capabilities, or, as suggested, managers try to follow the latest trend. The reality is that each organisation should recognise that strategic orientation is a unique concept which represents an important source of competitive advantage both for the organisation in its own industry but also with other competing industries. The strategic orientation of an organisation is a multi-dimensional construct which has been demonstrated in this research through the examination of supply chain orientation. For managers to successfully identify the most appropriate strategic orientation, they first need to recognise the organisation's internal resources, capabilities, strategy and structure; in addition to this knowledge and leadership through management philosophy and behaviours through organisational culture. Collectively, these need to fit with the business environment challenges being faced at the time.

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[tions+and+supply+chain+management&ots=cYpWQOOdQ0&sig=3okbB0Q7qGsoz9c2ji8QcwMyr\\_M#v=onepage&q=manufacturing%20operations%20and%20supply%20chain%20management&f=false](#) [accessed 10/01/12]

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**Appendix 2- Characterising the UK Economic Climate (2008 and 2012).**  
**Chapter 1**

In 2008, the UK government declared the UK and wider global market place to be in a state of economic turmoil (Irvine, 2008). An economic downturn becomes an economic recession when there is negative growth for more than two consecutive quarters [online] (BBC, Q&A). The Table presents a snapshot of the prolonged negative growth period experienced in the UK between 2008 and 2009.

	2007 Q2	2007 Q3	2007 Q4	2008 Q1	2008 Q2	2008 Q3	2008 Q4	2009 Q1	2009 Q2	2009 Q3	2009 Q4
<b>UK</b>	0.6%	0.5%	0.5%	0.7%	-0.1%	-0.9%	-1.8%	-2.6%	-0.7%	-0.3%	0.4%

**Table:** Quarterly UK Growth between 2007 and 2009 [Internet] (Adapted from Allen, Parliament: Recession and Recovery, 2010)

The latest economic downturn in the UK was first realised in 2007 (Q3<sup>51</sup>) (Burns, 2009). However, the earliest signs of pressure facing UK manufacturers and other business sectors resulting from the economic crisis were reported from 2008 onwards (Q2) (ibid.). The figures presented in the Table illustrate six consecutive quarters of negative growth which indicated a more prolonged economic recovery than previously experienced.

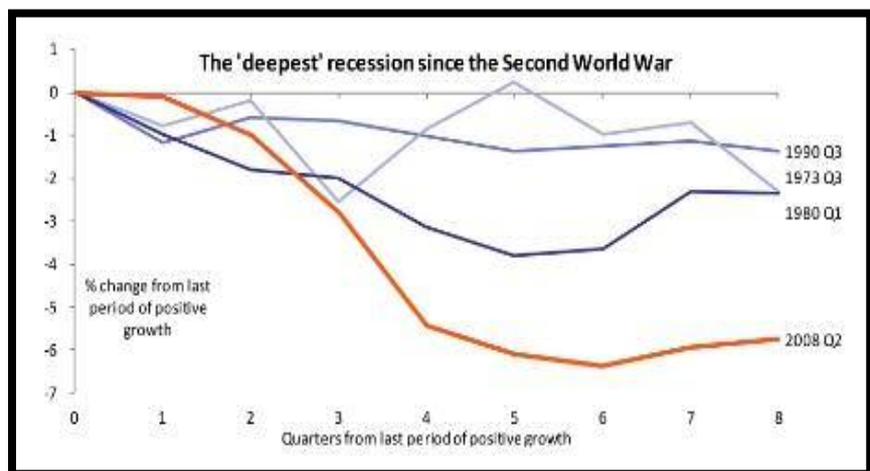
<sup>51</sup> Q1 first quarter – January, February, March; Q2 second quarter – April, May, June; Q3 third quarter of the year: July, August, September; Q4 fourth quarter – October, November, December

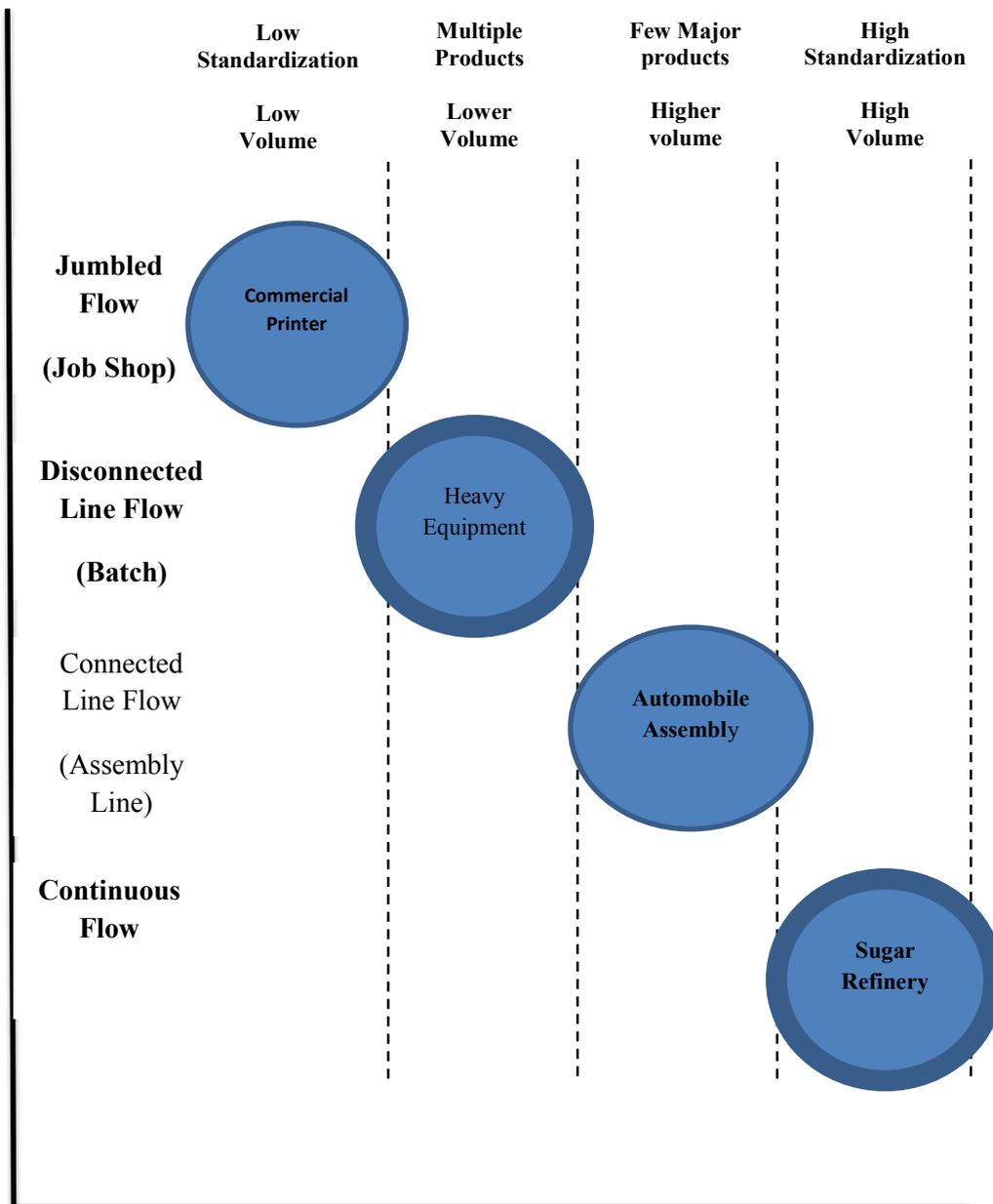
Whereas many preceding economic recessions exemplified in Figure 1 have evidenced recovery within two years (Piercy *et al.* 2010; Gilmore and Lindsay, 2010), there remained concern from UK leaders about the state of the national economy [online] (BBC, 2012).

**Figure 1:** Comparison of recessions since World War I (Allen, 2010)

The contraction in the UK economy between 2008 and 2012 appeared much deeper and more widespread scale than previous economic downturns experienced during the years: 1973-1976; 1979-1982; 1990-1992 (Burns, 2009; BBC: UK economy).

### Appendix 3 –Hayes & Wheelwright Product & Process Lifecycle Chapter 1





Matching stages of product and process life cycles (Hayes and Wheelwright, 1979, p. 175).

#### Appendix 4 – SCM Research Topics

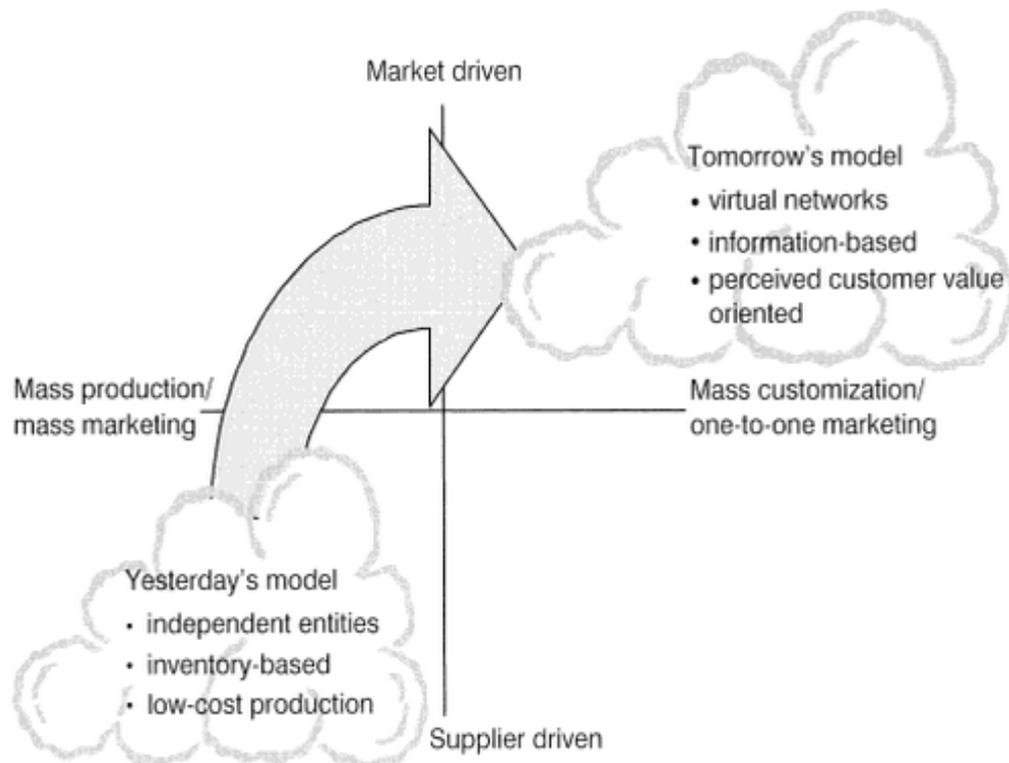
<b>AUTHORS</b>	<b>No. Citations</b>	<b>FOCUS OF THE STUDY</b>
Lee and Padmanabhan (1997)	2,319	Bullwhip effect
Simchi-Levi and Kaminsky (2003)	2018	Concepts, strategies and case studies
Chopra (2007)	1997	SCM: Strategy, planning and operation
Christopher (2005)	1790	Value added networks in SCM
Cooper and Lambert (1997)	1099	Defining SCM (inter and intra)
Handfield and Nichols (1999)	1034	Introductory text book (SCM)
Chen et al. (2000)	983	Bullwhip effect
Lambert (2000)	977	Issues in SCM
Christopher (1998)	908	Logistics and SCM – reducing costs and improving service
Lee and So (2000)	908	Information sharing
Lambert and Cooper (1998)	895	Issues, solutions and research opportunities
Beamon (1998)	890	Supply chain design
Beamon (1999)	865	Supply chain performance
Thomas (1996)	816	SCM coordination
Cachon (2000)	814	Inventory management and information sharing
Mentzer et al. (2001)	789	Defining SCM – 5 flow systems
Stevens (1993)	711	Supply chain integration
Davis (1993)	648	Effective SCM - uncertainty
Arntzen et al. (1995)	613	Global supply chain modelling
Swaminthan and Smith (1998)	569	SCM modelling
Lee and Whang (2000)	563	Information sharing and bullwhip effect
Gunasekaran and Patel (2001)	561	Performance measures and metrics
Frohlich	553	Supply chain strategy and operations strategy
Christopher (2000)	529	Supply chain strategy and operations strategy
Naylor and Naim (1999)	516	Agile supply chains
		Leagility: Lean and Agile concepts n SCM

## Appendix 5 – EBSCO Host findings for “manufacturing” AND “strategic orientation” (SO)

<b>AUTHOR and TOPIC</b>	<b>PURPOSE</b>	<b>METHOD</b>
<b>Aronson <i>et al.</i> (2011)</b> <u>Developing lean and agile health care supply chains</u>	How to establish an SCO and how lean and agile (le-agile) can be used a process strategies	Exploratory paper Case study
<b>Nanakumar <i>et al.</i> (2011)</b> <u>Generic strategies and performance - evidence from manufacturing firms</u>	The relationship between generic strategies and SO	UK postal survey
<b>Laforet <i>et al.</i> (2009)</b> Effects of size, market and strategic orientation on innovation in non-high-tech manufacturing SMEs	Examine the effect of SO as an antecedent and precedent customer orientation has an impact on innovation / size has an impact on SO – establish an interrelationship between size, SO and MO	Mail survey (60 Yorkshire) Linear regression (SME)
<b>Cerrato, (2009)</b> <u>Does innovation lead to global orientation? Empirical evidence from a sample of Italian firms</u>	Global SO is driven by competitor environment. Technology helps to overcome issues with globalisation.	Italian manufacturing
<b>Raymond and Francois, (2008)</b> <u>Enabling the business strategy of SMEs through e-business capabilities.</u>	Alignment between business capabilities and Miles and Snows strategic typology: prospectors/ analysers/ defenders. First study to provide rigorous conceptualisation and examine alignment	Small and medium manufacturers
<b>Laforet, (2008)</b> <u>Size, strategic, and market orientation effects on innovation</u>	Innovation and S -Medium size companies are more innovative and MO than small firms	500 Yorkshire companies
<b>Kabasakal <i>et al.</i> (2006)</b> The role of employee preferences and organizational culture in explaining e-commerce orientations	Organisational culture to determine e-commerce orientation	Survey
<b>Insik <i>et al.</i> (2006)</b> <u>Antecedents and consequences of the strategic orientations in new product development: The case of Chinese manufacturers</u>	Understand the role of SO as antecedents of new product development.	Survey China
<b>O’Regan <i>et al.</i> (2006)</b> <u>Perceptions of generic strategies of small and medium sized engineering and electronics manufacturers in the UK: The applicability of the Miles and Snow typology</u>	SME study finds that high growth firms place a greater emphasis on external drivers such as strategic orientation. Competing mainly on price brings doubt about the sustainability of the business model without research as a core part	Focus groups interviews
<b>O’Regan and Ghobadian, (2006)</b> <u>In search of the drivers for high growth in manufacturing SMEs.</u>	Miles and snow typology Different typologies view the environment differently. Prospectors view a dynamic environment defenders view the environment as stable high performance firms focus on SO, innovation and the operating environment.	Cross sector examination engineering and electronics
<b>Raymond and St-Pierre, (2005)</b> <u>Antecedents and performance outcomes of advanced manufacturing systems sophistication in SMEs.</u>	Using advanced manufacturing systems depends on the SO	SMEs survey SEM Canada
<b>Auh <i>et al.</i> (2005)</b> The influence of top management team functional diversity on strategic orientations: The moderating role of environmental	Infer that SO is initiated at top management level. Researches the functional influences to achieve effective SO. Negative influences of top management support with functional	

turbulence and intern functional coordination	diversity and environmental turbulence – there needs to first be inter-functional coordination which will lead to greater SO	
<b>Salvou et al. (2004)</b> Organisational innovation in SMEs	SME study, to identify the importance of SO and competitive structure. Market and learning orientated firms are more innovative and more likely to improve overall performance. .	Empirical study, food, beverage and textile industry
<b>Morgan et al. (2003)</b> Business performance and dimensions of strategic orientation	6 comparative constructs of business strategy are matched with SO. Highlight analysis, defensiveness and futurity in SO.	High technology manufacturing
<b>Walsh and Linton, (2001)</b> The competence pyramid: a framework for identifying and analyzing firm and industry competence.	Competence (competency pyramid) and managerial capabilities of the firm to achieve a technology orientation. An emphasis that firms need the right skills and competences to implement the strategies.	Service and manufacturing sector
<b>Peck, (1998)</b> No Easy Roads to Employee Involvement	Examines the relationship between SO, role orientation and job autonomy. The role of the employee to implement SO such as quality or JIT or should the change come from the firm infrastructure.	
<b>Parker et al.(1997)</b> <u>That's not my job: developing flexible employee work</u>	Examine changes in orientation, move away from customer orientation to become flexible	Case studies
<b>Chan et al. (1997)</b> Business Strategic Orientation, Information Systems Strategic Orientation, and Strategic Alignment	Fit between business SO and information systems, IS strategic alignment and IS SO.	Mail survey
<b>Taylor, (1996)</b> Sector investigation of management mind-sets and management behaviours	How to improve SO Improving SO (quality) – management behaviour emphasises the importance of management behaviour to ensure effective implementation of SO	
<b>Mizruchi and Brewster, (1994)</b> A Longitudinal Study of Borrowing by Large American Corporations	Corporate borrowing depends on the SO	Questionnaire 22 large US firms
<b>Bartezzaghi and Turco, (1989)</b> The impact of Just-in-time production system performance: an analytical framework.	Industrial competition – new business models and SO. A profound revision of SO is required amongst manufacturers. Acceptance of ongoing change to strategy to remain competitive and improve performance.	Oven manufacturing
<b>Robinson et al. (1988)</b> Planned patterns of strategic behaviour and their relationship to business-unit performance	Cluster 97 firms according to their SO. Innovation orientation, efficiency, differentiation firms performed better	Cluster analysis 2 way ANOVA
<b>Whybark, (1987)</b> Evolving the manufacturing strategy	Evolving the manufacturing strategy SO implementation. Argue that it is impossible for firms to have all skills, so it is necessary to prioritise. Propose that amongst the SO mix there are underlying fundamental (initial) to support and manage the evolution of manufacturing. This infers a different level of power amongst the SO mix.	

**Appendix 6 - – New Business Model (Waters, 2007, p. 138)**



## Appendix 7 – Research Approaches developed from Kovacs and Spens (2005)

SEARCH TERMS	JOURNAL PAPERS
<p><b>Deduction and deductive</b></p> <p><b>IJPDLM (4 Papers)</b></p>	<p>Arlbjørn, J.S. and Halldórsson, A. 2002. Logistics knowledge creation: reflections on content, context and processes, <i>International Journal of Physical Distribution &amp; Logistics Management</i>, Vol. 32 (1/2), p. 22-40</p> <p>Faber, N., de Koster, R.B.M. and van de Velde, S. 2002. Linking warehouse complexity to warehouse planning and control structure: an exploratory study of the use of warehouse management information systems, <i>International Journal of Physical Distribution &amp; Logistics Management</i>, Vol. 32 (5), p. 381-395</p> <p>Svensson, G. 2000. A conceptual framework for the analysis of vulnerability in supply chains, <i>International Journal of Physical Distribution &amp; Logistics Management</i>, Vol. 30 (9), p. 731-749</p> <p>Svensson, G. 2002. A conceptual framework of vulnerability in firms' inbound and outbound logistics flows, <i>International Journal of Physical Distribution &amp; Logistics Management</i>, Vol. 32 (1/2), p. 110-134</p>
<p><b>Deduction and deductive</b></p> <p><b>JBL (3 Papers)</b></p>	<p>Garver, M.S. and Mentzer, J.T. 2000. Salesperson logistics expertise: a proposed contingency framework, <i>Journal of Business Logistics</i>, Vol. 21 (2). p. 113-132</p> <p>Stassen, R.E. and Waller, M.A. 2002. Logistics and assortment depth in the retail supply chain: evidence from grocery categories, <i>Journal of Business Logistics</i>, Vol. 23 (1), p. 125-143</p> <p>Waller, M.A., Dabholkar, P.A. and Gentry, J.J. 2000. Postponement, product customization, and market-oriented supply chain management, <i>Journal of Business Logistics</i>, Vol. 21 (2), p. 133-159</p>
<p><b>Induction and inductive</b></p> <p><b>IJLM (3 Papers)</b></p>	<p>Bolumole, Y.A. 2001. The supply chain role of third-party logistics providers, <i>International Journal of Logistics Management</i>, Vol. 12 (2), p. 87-102</p> <p>Hingley, M. 2001. Relationship management in the supply chain, <i>International Journal of Logistics Management</i>, Vol. 12 (2), p. 57-71</p> <p>Svensson, G. 2001. The impact of outsourcing on inbound logistics flows, <i>International Journal of Logistics Management</i>, Vol. 12 (1), p. 21-35</p>
<p><b>Deduction and deductive</b></p> <p><b>IJPDLM (6 Papers)</b></p>	<p>Arlbjørn, J.S. and Halldórsson, A. 2002. Logistics knowledge creation: reflections on content, context and processes, <i>International Journal of Physical Distribution &amp; Logistics Management</i>, Vol. 32 (1/2), p. 22-40</p> <p>Golicic, S.L., David, D.F., McCarthy, T.M. and Mentzer, J.T. 2002. The impact of e-commerce on supply chain relationships, <i>International Journal of Physical Distribution &amp; Logistics Management</i>, Vol. 32 (9/10), p. 851-871</p> <p>McCarthy, T.M. and Golicic, S.L. 2002. Implementing collaborative forecasting to improve supply chain performance, <i>International Journal of Physical Distribution &amp; Logistics Management</i>, Vol. 32 (6), p. 431-454</p> <p>Sankaran, J., Mun, D. and Charman, Z. 2002. Effective logistics outsourcing in New Zealand: an inductive empirical investigation, <i>International Journal of Physical Distribution &amp; Logistics Management</i>, Vol. 32 (8), p. 682-702</p> <p>Svensson, G. 2000. A conceptual framework for the analysis of vulnerability in supply chains, <i>International Journal of Physical Distribution &amp; Logistics Management</i>, Vol. 30 (9), p.731-749</p> <p>Svensson, G. 2002. A conceptual framework of vulnerability in firms' inbound and outbound logistics flows, <i>International Journal of Physical Distribution &amp; Logistics Management</i>, Vol. 32 (1/2), p. 110-134</p>
<p><b>Deduction and deductive</b></p> <p><b>JBL (3 Papers)</b></p>	<p>Flint, D.J. and Mentzer, J.T. 2000. Logisticians as marketers: their role when customers' desired value changes, <i>Journal of Business Logistics</i>, Vol. 21 (2), p. 19-45</p> <p>Garver, M.S. and Mentzer, J.T. 2000. Salesperson logistics expertise: a proposed contingency framework, <i>Journal of Business Logistics</i>, Vol. 21 (2), p. 113-132</p> <p>Waller, M.A., Dabholkar, P.A. and Gentry, J.J. 2000. Postponement, product customization, and market-oriented supply chain management, <i>Journal of Business Logistics</i>, Table AI. Vol. 21 (2), p. 133-159</p>

## **Appendix 8 – MRPII System**

Finished Goods Manufacturer A – Strategic Planning Process for Production and Purchasing of Materials and Components



Reorder Plan

- a) 18 month
- b) 1 week firm ← forecast timeline
- c) was 7/10/11 Revisited weekly at scheduling Mtg. (Director-level)
- d) > 11 weeks is Revisited → - does it meet plan??
- e) set of Rules (Order Restriction) ← } EMHS
  - ← Min Order Size
  - ← Frequency
  - ← Mix/Changeover

BATCH SPECIFIC

MRP ←  $\left. \begin{matrix} \text{Stocking} \\ \text{From } \alpha_1 \\ \text{P/O/RPS } \alpha_2 \end{matrix} \right\} 3 \text{ sets of data} = \text{No Inventory}$

Specific ↑  $\left. \begin{matrix} \text{2.0M } 55\% \text{ of } \text{No Inventory} \\ \text{Focused - Error found} \end{matrix} \right\} \text{No Inventory}$

↑ Lower  
High