Strategic Choice Theory in Purchasing

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ABSTRACT, several management theories have stressed the interplay between organization and environment. This paper addresses the strategic choice theory and its core perspective of managerial agency in organizational decision making. Furthermore the question was raised what strategic choice theory contributes to decision making in the purchasing year cycle. The findings in this paper provide insights for research and practice as to how organizational structure and strategy is shaped by top management and how organizational strategy shapes the relationship with its environment.

Keywords.
Strategic Choice Theory, Decision-Making, Strategic Purchasing, Organization Studies, Dependence, Managerial Agency, Organizational Domain, Dominant Coalition

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1. INTRODUCTION – IMPORTANCE OF MANAGERIAL CHOICE AND ENVIRONMENTAL FACTORS IN PURCHASING DECISION MAKING

One of the most important aspects in businesses today is the alignment of strategies on all strategic levels: corporate, business, and functional level. Despite its strategic importance being neglected for a long time more recent studies proof strategic purchasing to be positively related to overall organizational performance (Carr & Smeltzer, 1999, p. 49). By now, since more than 30 years the strategic relevance of the supply management field has been established (Nollet, Ponce, & Campbell, 2005, p. 133).Therefore, it is essential to align supply strategies with corporate and business strategies(Kraljic, 1983, pp. 115-116; Nollet et al., 2005, p. 137). Especially in times of highly dynamic environments affected by globalization and recession strategic decisions are directly related to competitive forces (Song, Calantone, & Di Benedetto, 2002, p. 976). In course of the graduation of first year BSc International Business Administration students a group of Supply track students summarized the grand theories of supply management and established a purchasing year cycle (see Appendix) with distinct decision points. Thereby, Purchasing is mainly responsible for evaluating and selecting suppliers, reviewing materials, acting as the primary contact with suppliers and deciding how to make purchases(Monczka, Handfield, Giunipero, Patterson, & Waters, 2010, pp. 28-29). In relation to the purchasing year cycle, purchasing processes were categorized into anteceding, primary, and supporting processes. Anteceding processes are preliminary processes which are outside the span of control of purchasing and link purchasing to corporate targets(Cousins, Lamming, Lawson, & Squire, 2008, pp. 13-15). Decision point 1 is part of the anteceding processes in which purchasing clarifies the need for a product. Eventually, purchasing will consider whether to internally produce or externally purchase the needed product(Walker & Weber, 1984, p. 374). In the primary processes the actual purchasing occurs and includes assembling products to a product group (Cousins et al., 2008, p. 47) and forming a basis for a purchasing strategy (Schiele, 2006, p. 2). Decision point 2 depicts the establishment of a sourcing strategy before decision point 3 is related with determining an appropriate supplier strategy to act upon the previous two decisions. Decision point 4 leads purchasing to actually select, negotiate and contract a supplier based on before stated corporate and functional goals and strategies. Then, the operative execution of the purchasing process follows and later, both suppliers and overall purchasing performance are evaluated, which is a critical task (Araz & Ozkarahan, 2007, p. 585) as it delivers major insights and feedback for following purchases. The supportive processes of the purchasing year cycle are meant to enhance the purchasing process and include e.g. the right staffing through human resources, analyses as e.g. risk –or cost based analyses, and controlling of the purchasing function. These tasks are there to ensure both purchasing effectiveness as efficiency (Monczka et al., 2010, p. 470). These processes and decision points are part of a recurring cycle of purchasing decisions and the four decision points from the purchasing year cycle are summarized as: make-or-buy, sourcing strategy, supplier strategy and contracting. Constantly evaluating the environment for alternative suppliers or new opportunities presents common ground between strategic choice theory and purchasing as one of the main responsibilities of purchasing is constantly scanning the supply environment for alternative suppliers (Caniels & Gelderman, 2005, p. 148). Furthermore, as both purchasing year cycle and strategic choice theory underline a continuous process of choice and decision-making this paper will elaborate on the strategic choice theory and especially its implications and contribution to decision-making in the purchasing function. Thereby, decisions and strategic choices, made by top management, form the basis for Strategic Choice Theory, which was developed in the 1970s by John Child (1972, p. 2). Its initial goal was to underline the inadequacy of management theories, which stated a dominant influence of environments on organizations, e.g. contingency (Donaldson, 2001, p. 3) or resource dependence theories (Hillman, Withers, & Collins, 2009, pp. 1404-1405) and to stress the power of organizational agency (Child, 1972, p. 2). Top management, also called the dominant coalition, were found to determine overall organizational performance (Child, 1972, p. 2; Child, Chung, & Davies, 2003, p. 253). Nevertheless, Strategic Choice Theory acknowledges a partial influence of organizational environments, while stressing the importance of a continuous cycle of strategic choices and decisions made by top management to direct strategic actions and thus determine organizational performance (Miles, Snow, Meyer, & Coleman Jr, 1978, p. 548). As stated before, there are diverse management theories which are used as tools to describe organizations and their environments, resource-based views, resource-dependence theories or network theories being some of many. The main problem for managers, thereby, stays the same: to identify the most attractive environments to support functional and corporate strategies and objectives. This paper will describe strategic choice theory and eventually apply strategic choice theory to the four decision points of the purchasing year cycle in order to show in which ways strategic choice theory can contribute to purchasing decision making.

2. STRATEGIC CHOICE THEORY

2.1 Introduction – Strategic choice theory

In the following paragraphs and sections this paper presents strategic choice theory and its contributions to purchasing.

A literature review on strategic choice theory as in this paper thereby aims to explain and underline the interaction between organizational actions and events (De Rond & Thietart, 2007, p. 548). The integrative approach of strategic choice theory is of importance to research and beneficial for strategic management e.g. by stressing cross-functional cooperation in organizations (Jemison, 1981, p. 601). In general, theories enhance research and practice as they help make sense of complex and dynamic environments (Chicksand, Watson, Walker, Radnor, & Johnston, 2012, p. 456). It is hard to overstate the importance of theories for science and research (Colquitt & Zapata-Phelan, 2007, p. 1281) as theories form the basis for scientific research (Flynn, Sakakibara, Schroeder, Bates, & Flynn, 1990, p. 253). For practice, theory and associated empirical work can enhance functions as e.g. operations management (Flynn et al., 1990, p. 269) by presenting new ideas and perspectives. Especially for managers, who work in uncertain environments simplified models and theories can help in coping with uncertainty in order to make the right decisions (Song et al., 2002, p. 969).Thereby, a theory commonly helps in understanding a relationship by describing how the dependent and independent variables interact and what factors influence their behaviour (Smith, 1999, p. 1256). Theories can be defined as a set of proportions about e.g. behaviour or structure (Sutherland, 1975, p. 9). Generally, theories are developed by carefully observing events and phenomena and depicting the detected relationship (Flynn et al., 1990, p. 252). Strategic choice theory was developed as other theories were observed to neglect the power of managerial agency. Furthermore strategic choice theory depicts the relationship between top management´s choices and firm performance and the overall interaction between environment and organizations. Strategic choice theory, as developed to underline the inadequacy of deterministic organizational views and stress the importance of managerial choice (Child, 1972, p. 2), views organizations to be partially influenced by environments and primarily affected by top management choices (Miles et al., 1978, p. 548). Despite the opposing views to deterministic management theories Campling and Michelson (1998, p. 581) established the strategic choice - resource dependence model to further underline the interdependence of environment and organizations in regards of strategic choices, actions and overall firm performance. As stated before, strategic choice theory is characterized by an integrative view and thus also underlines the view of businesses as adaptive organizations, which learn over time; thereby, their strategic choices lead to actions directed by top management (Child, 1997, p. 44).

As stated in the introduction this paper will apply strategic choice theory to the decision points in purchasing in the latter sections. The core findings will be summarized in the next paragraphs. Because strategic choice theory underlines top management´s ability to affect organizational actions and thus performance one perspective of strategic choice theory can be summarized as ensuring the power of top management by e.g. minimizing dependence towards suppliers. Thereby, minimizing the degree to which external contacts of an organization can influence organizational choice and action. In order for the dominant coalition to be able to control purchasing processes to the largest possible extent purchasing should constantly scan the environment for trends and potential suppliers even when having satisfactory relationships (Caniëls & Gelderman, 2007, p. 227). The strategic type of organizations, Analyzer, Defender or Prospector thereby influences how managers and organizations organize and operate in purchasing; according to strategic choice theory prospectors would strive to be proactive, innovative (Nollet et al., 2005, p. 137) and produce internally or even change their product portfolio (Shook, Adams, Ketchen Jr, & Craighead, 2009, p. 7), whereas Defenders would rather source the item from an established supplier in order to ensure efficient production and establish a stable product portfolio (Shook et al., 2009, p. 7).

Regarding the four decision points of the purchasing year cycle (see Appendix) strategic choice theory stresses the following with regards to the strategic types: In the make or buy decision top management should balance dependence versus value to achieve organizational goals. Regarding decision point 2, the sourcing strategies, strategic choice theory advises to minimize dependence in order to ensure the high freedom of choice for the dominant coalition. Then decision point 3, supplier strategies, can consider whether to collaborate or rather exploit suppliers, the latter being favoured by strategic choice theory as it underlines being rather independent. The contracting of suppliers in decision point four is strongly dependent on the previous decisions and strategic choice theory advises a rather short term commitment to suppliers as it enables switching to alternative suppliers if desired by the dominant coalition. In the end, Strategic Choice Theory stresses that taking the right decision is dependent on some environmental factors as e.g. suppliers and on the strategic type of the organization but most importantly on the judgment of the dominant coalition to lead purchasing goals and actions. Nevertheless, as interdependencies and collaboration can enhance performance strategic choice theory advises to carefully balance the dependence of suppliers with the desired rate of return. This would lead prospectors to e.g. apply early supplier integration (Cousins et al., 2008, p. 53; Schiele, 2010, p. 139) to innovate together with suppliers and thus maximize the opportunity for diversification. In contrast, defenders and analyzers would rather try to become preferred customer (Schiele, Veldman, & Hüttinger, 2011) of their supplier; In case of the defender this would aim at the highest possible cost-efficiency, while analyzers would not only try to achieve cost-efficiency but additionally try to achieve product development benefits from the relationship.

2.2 History - Strategic Choice Theory developed in the 1970s to correct theories which neglect agency of choice and overemphasize environmental determinism

In the 1960s the element of choice and the relationship between strategy and structure in strategic management was first acknowledged (Chandler, 1962, p. 8). As stated at that time: "*While the enterprise may have a life of its own, its present health and future surely depend on the individuals who guide its activities*" (Chandler, 1962, p. 8).

These individuals who guide the activities of an organization nowadays are referred to as "*dominant coalition*"; the managers who have decisive power over the organization (Cyert & March, 1963, pp. 240-241). Before John Child (1972)´s early research on strategic choice most theories were characterized by determinism and neglected the elements of powerful managers; in other words the element of agency in decision making (Child, 1972, p. 2; Jewer & McKay, 2012, p. 585).Therefore another perspective on strategic management was proposed, stating that strategic choice can be seen as the critical element of organization theory(Chandler, 1962, p. 8; Child, 1972, p. 15). The strategic choice theory is defined by the argument that "*organizational behaviour is only partially preordained by environmental conditions and that the choices which top managers make are the critical determinants of organizational structure and process*" (Miles et al., 1978, p. 548). Thereby it is based on the view that strategies, and thus strategic choices, are concerned with organizational long term goals and objectives determining allocation of resources and action plans (Chandler, 1962, p. 13). The strategic choices resulting from strategy development were argued of being political and dynamic (Friend & Hickling, 2005, p. 9; Zimmermann, 2011, p. 30) and affecting the operational contexts of the organization, performance standards, the organization´s economic pressure, and the organizational structure (Child, 1972, p. 2).

As Child (1997, p. 60) states: "*Strategic choice is recognized and realized through a process whereby those with the power to make decisions for the organization interact among themselves,* *with other organizational members and with external parties.*" Despite its new perspective on the strategic management of organizations, the theory first influenced public policy makers before gaining attention from the private sector (Friend & Hickling, 1987, p. 294; Jasper, 2004, p. 4). Strategic choice theory therefore was first found to be adapted in the fields of politics and international relations in which it was used as explanatory tool for decision making and for breaking down redundant views (Lake & Powell, 1999, p. 5). An example of these traditional views at the time of the establishment of the strategic choice theory is the deterministic view. The deterministic view underlines the environmental influence on organizations, does not account for choice on the organization´s side and had been the common view on organization studies before strategic choice theory was established (Whittington, 1989, p. 2). Initially, the strategic choice view was also influenced by determinism (Child, 1997, p. 45). Nevertheless, strategic choice theory rather sees organizations as flexible, adaptive and learning in contrast to being environmentally determined; thus, underlining the strong influence of human agency in decision-making and strategy shaping (Whittington, 1989, p. 25). In contrast, strategic choice theory underlined the critical role of individual decisions while stating that there is not one universally applicable rule as the system of the organizational environment is too complex (Miles et al., 1978, p. 550; Zimmermann, 2011, p. 37). Thereby, strategic choice theory states contrary to the views of e.g. contingency or resource dependence theories that management can have a significant impact on performance (Whittington, 1989, p. 288). Despite the problems of organizations being numerous and complex, in relation to strategic choice theory they were categorized as three interrelated problem sets: the entrepreneurial problem, the engineering problem and the administrative problem (Miles et al., 1978, p. 548). The conditions in which these problems exist and strategic choices are made were identified as: environmental variability, environmental complexity and environmental illiberality (Child, 1972, pp. 3-4). These conditions characterize the organizational environment by describing the degree of change, heterogeneity and threat from e.g. competition and will be explained in the following parts. The importance of knowledge and information necessary for strategic choices regarding these three problem sets thus cannot be understated (Lake & Powell, 1999, p. 217). Strategic choices and the following action of organizations were therefore stated to be strongly affected by the internal and external cognitive, material and relational structures (Child, 1997, p. 60). And although there has never been developed a universal definition of strategic choices in strategic management its critical role regarding firm performance since is regarded as a fact (Reger, Duhaime, & Stimpert, 1992, pp. 189-192).

2.3 Assumptions - Strategic Choice Theory assumes the interdependence of the environment, the organization and the dominant coalition

The primary assumption of Strategic Choice Theory is that deterministic views as e.g. contingency theories or resource dependency theories are inadequate as they ignore the importance of managers in organizational decision making (Child, 1972, p. 2; Schoonhoven, 1981, p. 351). As Beckert (1999, p. 778) states: "*If, however, we assume that in many situations agents ´make a difference`, it becomes a weakness of institutional theories if they cannot account for the role of strategic agency in process or organizational development*." Whereas contingency theories (Child et al., 2003, p. 242; Donaldson, 2001, p. 3) and resource dependency theories (Hillman et al., 2009, pp. 1404-1405; J. Pfeffer, 1987, pp. 26-27) assume the organizational environment to be the critical determinant of firm performance one of the main assumptions of Strategic Choice Theory is concerned with the possibility of the dominant coalition to direct a company´s choices, and thus actions. This dominant coalition is assumed to have control over decision making, which is enabled by the political structure of work-roles and procedures (Child, 1972, p. 13). The degree of power the dominant coalition has, thereby, positively relates to strategic choice (Bluedorn, Johnson, Cartwright, & Barringer, 1994, p. 207). Additionally, the choices managers make for an organization thus can differ widely, partly due to cultural differences affecting mental models and ways to manage (Song et al., 2002, p. 969). Also, managers´ characteristics as age, class, gender, generation and ethnicity are likely to affect e.g. their decision making style (Whittington, 1988, p. 533; 1989, p. 295). Another important assumption of Strategic Choice Theory is the existence of social structures in strategic management (Whittington, 1989, p. 294). The social structures embedded in organizations thus affect management in organizations and therefore also strategic choice (Child, 1997, p. 56; Whittington, 1988, p. 528). Next to choices affecting organizational structure organizational processes and strategic choices are assumed to be of political nature (Whittington, 1989, p. 294; Zimmermann, 2011, p. 30). In reaction to the belief that environmental conditions can provoke organizational changes(Kochan, McKersie, & Cappelli, 1984, p. 31), Strategic Choice Theory therefore assumes that the dominant coalition has the power to enact the organization´s environment (Astley & Van de Ven, 1983, p. 249; Child, 1997, p. 54; Weick, 1969, p. 63). This is underlined by the statement that organizational change is assumed to be primarily driven by the corporate level of organizations (Kochan et al., 1984, p. 30). Thereby, the dominant coalition is established by the social structures in the organization which also hold as preconditions for agency and hence, strategic choice (Whittington, 1988, p. 532). Thus, the political processes and intuitive characteristics of judgments in decision making of strategic choice theory ask for a rather non-deterministic approach (Child, 1972, p. 2; Friend & Hickling, 1987, p. 1). Summarizing, Strategic Choice Theory refers to action theory in strategic management in which employees are organized in order to serve the choices powerful managers make, where structure and environment are enacted upon by the dominant coalition and manager roles can range from reactive to proactive (Astley & Van de Ven, 1983, p. 247). Therefore, Strategic Choice Theory assumes a high degree of freedom of choice in which organizational actors are responsible for choices and actions (De Rond & Thietart, 2007, p. 545; Peng & Heath, 1996, p. 495). Freedom of choice of the dominant coalition is believed to affect change, work and thus performance (Bozeman, Hochwarier, Perrewe, & Brymer, 2001, p. 489).Additionally, without the assumption that managers are able to choose from alternatives the field of strategic management as whole would have to be rethought (De Bruijn & Steenhuis, 2004, p. 391), as strategic choice determines the organizational environment (Hrebiniak & Joyce, 1985, p. 340). Freedom of choice leads to another assumption which is that organizations are adaptive (Cyert & March, 1963, p. 118;

Hrebiniak & Joyce, 1985, p. 347; Miles et al., 1978, p. 550) and are characterized by a continuous learning process; thus referring to models of organizational learning (Child, 1997, pp. 65-66). The dynamic process of organizational learning and adaption thereby is affected by the continuous interaction between strategic choice and environmental determinants (Hrebiniak & Joyce, 1985, pp. 346-347): Strategic choices are also "*partially preordained by environmental conditions*" (Miles et al., 1978, pp. 548-549). Thereby, acknowledging a potential influence the environment can have on an organization. These environmental influences and conditions are assumed to be defined by the degree of change, environmental complexity and degree of threat (Child, 1972, pp. 3-4), which lead to three inter-related problem sets in strategic choice theory: entrepreneurial problem, engineering problem and administrative problem (Miles et al., 1978, pp. 548-549). The responses by an organization to these problem sets and environmental conditions thereby depend on the strategic type the organization follows: Defender, Analyzer or Prospector (Miles et al., 1978, p. 550; Shook et al., 2009, p. 7). A close relationship between environment and dominant coalition leading to performance feedback is critical input for the dominant coalition (Child, 1997, p. 48; Zimmermann, 2011, p. 30). In turn, environments are assumed to partially constrain and determine organizational action and widen the range of strategic alternatives and therefore should not be treated as external determinant but as partial influence of organizational action and choice (Child, 1997, p. 56; Peng & Heath, 1996, p. 500; Jeffrey Pfeffer & Salancik, 1974, p. 149). To underline the interdependence of organizational environment and dominant coalition (Pugh et al., 1963, p. 312) Strategic Choice Theory can be seen to be enforced by Porter (1979, p. 144): "*The balance of forces is partly a result of external factors and partly in the company´s control*". Thereby, organizations in an environment are assumed to collaborate on basis of shared beliefs and interests (Child, 1997, p. 56), which presents a similarity to network theory (Jones, Hesterly, & Borgatti, 1997, p. 916; Zaheer, Gulati, & Nohria, 2000, p. 204). Strategic Choice Theory and network theory, but also agency theory, can be combined as they assume that actors take other´s behaviour into consideration when making choices (Eisenhardt, 1989, p. 61; Smith, 1999, p. 1255). In relation to agency theory, structures and opportunities are affected by strategic considerations and choices the principal of an organization makes through e.g. implementing performance incentives to affect the freedom of choice and thus increase control over the agent (Eisenhardt, 1989, p. 64; Goodwin & Jasper, 1999, p. 53). Social interaction with external actors through alliances or e.g. a manager´s network (Child, 1997, p. 54) create the possibility of internalizing parts of the organizational environment and thus enable achieving greater control and increasing strategic choice possibilities (Child, 1997, p. 58). These interactions with the organizational environment as "*social network*" (Child, 1997, pp. 57-58), thus, underline a dynamic perspective on organizations and their environments in relation to Strategic Choice Theory and network theories (Child, 1997, p. 60). These behaviours and relationships with other actors in the environment can also constrain choices of organizations and organizational actors through the relationship characteristics as underlined before (Sadler & Barry, 1970, p. 58). Correlated is the view of resource dependence theorists who also underline interdependencies with other organizations, but focus on an organization´s dependence on environmental resources (Hillman et al., 2009, pp. 1404-1405; J. Pfeffer, 1987, pp. 26-27). Similar to contingency theories, which underline the fit between environment and organization (Child et al., 2003, p. 242) resource dependence theories are negligent of the influence of organizational actors. Thus, they build partially opposing theories to Strategic Choice Theory, because both underline an organization´s dependence on environmental factors as critical determinant of performance (Donaldson, 2001, p. 3). Despite the deterministic views of contingency and resource-dependence theories, Strategic Choice Theory integrates their approaches by acknowledging the influence of environmental factors on organizations and underlines the predominant importance of the dominant coalition, which determines firm performance (Miles et al., 1978, pp. 548-549). Therefore, Campling and Michelson developed the strategic choice – resource dependence model, which reinforces the interdependence of environments and organizations, as social and economic aspects of environments can both constrain and facilitate scope of organizational agency and thus strategic choice (Campling & Michelson, 1998, p. 596).

2.4 Key Construct - Strategic Choice Theory underlines the cyclical process of strategic decision making

2.4.1 Interdependence of environment and organization

As described in the previous sections Strategic Choice Theory is committed to explain the inadequacies of deterministic theories by acknowledging the interdependence of environmental factors and stressing the critical role of powerful managers in strategic decision making. As Figure 1 illustrates, Child (1972, pp. 18-19)´s original model of the strategic choice theory depicted environmental conditions, external contacts, organizational

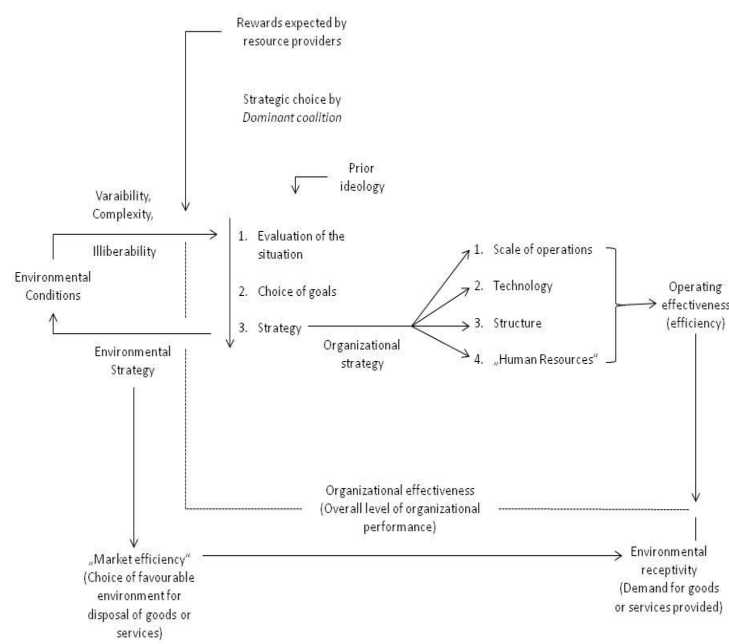

Figure 1: Strategic Choice Theory Visualization based on Child (1972).

strategy and dominant coalition as affecting the operating and organizational effectiveness (see Figure 1). The model described the dominant coalition´s responsibility to react to environmental conditions; the degree of change, environmental complexity and degree of threat (Child, 1972, pp. 3-4), the expected rewards of resource providers by evaluating the organization´s situation and goals and formulating an organizational strategy, being a continuous process (Pettigrew, 1977, p. 86). This strategy, based on scale of operations, technology, structure and human resources will in turn determine the operational effectiveness and efficiency. Together with market efficiency and overall performance it will lead to the demand for goods and services, which is called "*environmental receptivity*" (Child, 1972, p. 18). This can provide the dominant coalition with feedback on how to respond to environmental conditions in the next set of decision making and strategic choices. The given variables are related to three general problems of organizational adaptation: entrepreneurial, engineering and administrative problem, which often occur almost simultaneously (Miles et al., 1978, pp. 548-550; Shook et al., 2009, p. 7).The entrepreneurial problem is the issue of defining the organizational domain by clearly stating target markets and products to be produced and is a top management responsibility. The engineering problem is concerned with the creation of a system which gives operational measures to the entrepreneurial system. This means, selecting technology for e.g. production and distribution. The administrative problem, in which top management aims at reducing uncertainty by solidifying ties with e.g. external environments and implementing control measures to stabilize the operational activities, thus presents the real structuring issue for the dominant coalition. Next to these three problem sets for organizations and, despite the very changing and complex characteristics of the business world, four strategic types of organizations were identified: Defender, Analyzer, Prospector and Reactor (Miles et al., 1978, p. 550). These strategic types each differ in their approach to technology, structure, process and market strategy and include different implications for strategic choices (Luo & Tan, 1998, p. 30; Miles et al., 1978, p. 550; Shoham, Evangelista, & Albaum, 2002, pp. 237-238; Shook et al., 2009, p. 7).

There are more of these strategic types as e.g. low-cost defenders or differentiated defenders (Hult, Ketchen Jr, Cavusgil, & Calantone, 2006, p. 459), but this article will mainly focus on the three stable strategies of Defender, Analyzer and Prospector.

The Defender (Miles et al., 1978, pp. 550-551) describes a stable organization which enacts its environment in order to achieve a stable domain with e.g. a limited set of products. The narrow market portion it strives for is aggressively protected by e.g. high-quality products and market penetration, but often also leads to ignoring outside trends often leading to create market niches which are difficult for competitors to reach and penetrate. The defender directs most of its resources to the engineering problem in order to penetrate its achieved domain by establishing cost-efficient technologies. Thereby, efficiency is critical for the success of the defender and a mechanistic approach to the administrative problem and structure of the organization is applied. The dominant domain is strongly affected by production and accounting experts. While trends are mostly neglected focus is turned on intensive planning and therefore underlining the Defender´s adequacy in more stable industries. A major risk of this strategy is the inflexibility to rapidly respond to environmental changes. The Prospector (Miles et al., 1978, pp. 551-553) is commonly regarded as opposing the approaches of the Defender by being very responsive and enacts a rather dynamic organizational domain. Prospectors are capable of spotting and exploiting new opportunities e.g. through innovation. Due to the risk of new product failure prospectors are not characterized by a stable profit margin but are concerned with following changing trends and conditions. Compared to defenders, prospectors rather invest in scanning the environment and innovating than in being cost efficient, and due to commonly changing their own environment prospectors have high degrees of flexibility. Therefore long-term commitments (e.g. financial) are avoided and the administrative problem is concerned with facilitating continuously changing operations in multiple decentralized projects by a more organic structure. The dominant coalition is seen to be influenced by marketing and research specialists. Despite its high flexibility and adaptability prospectors risk lower profitability and therefore can be depicted as being rather effective than efficient. Analyzers (Miles et al., 1978, pp. 553-557) combine approaches and strategies of defender and prospector, as they try to minimize risk and dependence while maximizing the opportunity for profit. Trying to combine the strengths of the two other strategies by balancing the strategies is difficult especially in dynamic markets. The analyzer tries to spot opportunities for new products and markets while staying loyal to traditional products and segments, which are the main source of revenue. Furthermore, analyzers only pursue new opportunities if their viability is proven e.g. by following prospector´s product developments. Their goal is to balance an efficient production of a stable set of products and still be responsive to market and product developments. Thus, the engineering problem is described by the equilibrium between stability and flexibility and asks for standardization attempt to cost-efficiency next to a technological focus for innovation. Analyzers often have a matrix structure with functional heads in the dominant coalition which manage a dual technological core and thus risk not being either efficient or effective if the dominant coalition does not ensure a balance of the two objectives of innovativeness and stability. The Reactor (Miles et al., 1978, pp. 557-558) is an additional strategic type and is opposing to the other strategies not proactive but aims at adjusting to its environment. Reactors have to move towards one of the other three strategies which are more appropriate in responding and enacting the organizational environment. Nevertheless, the original model could be criticized as it does not underline the issue of managerial choice enough and neglects the continuous character of strategic choice by not mentioning feedback for the dominant coalition. Therefore, an additional model for Strategic Choice Theory was created (see Figure 2). This model draws attention to both environmental and organizational conditions but stresses the adaptive process character of Strategic Choice Theory within the organizational environment. Additionally, it underlines the importance of strategic choices made by the ´dominant coalition` and leading to actions, which will be reflected by the organization performance in the market, leading to valuable feedback for the next set of choices of the dominant coalition. The model´s hub is the dominant coalition, which evaluates the organization´s situation as e.g. stakeholder expectations before formulating goals and objectives. These goals lead to making strategic

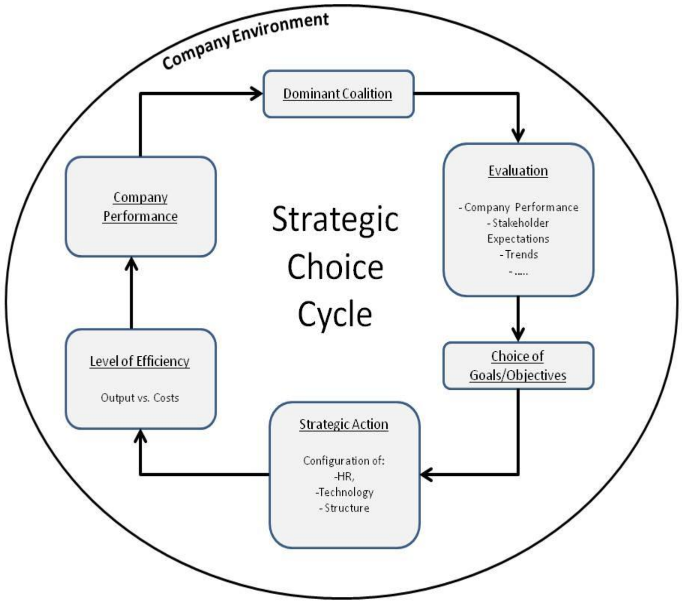

Figure 2: Strategic choice theory as a continuous process within organizational environments.

choices. Following the choices the dominant coalition makes, the organization enacts on them with a strategic action e.g. reaching the goal of higher innovativeness by developing new products and entering new markets. Their level of efficiency then determines the organization´s performance in the market and can be used as valuable feedback and source of information for the dominant coalition, thereby, closing the cycle of strategic choice. The whole cycle is located within the environment of the organization which, thus, can partially influence the dominant coalition through e.g. limiting or broadening the scope of choices. In general, Strategic Choice Theory recognizes the aspect that environmental perception of managers will influence their idea of managing the organization and thus strategic objectives and choices (Child, 1972, p. 9; Cyert & March, 1963, pp. 118-120). Nevertheless, "*the analysis of organization and environment must recognize the exercise of choice by organizational decision-makers*.", as well (Child, 1972, p. 10). Three issues arise from strategic choice: the nature of agency and choice, the nature of environments and the nature of the relationship between agency and environment and states the difference between environmental and action determinism (Child, 1997, pp. 48-49; Whittington, 1988, p. 524).These thereby not only stress the differences in managing strategic choices from e.g. environmental conditions but also recognize the influence of individual backgrounds as identities, beliefs and education of key organizational actors (Bluedorn et al., 1994, p. 210; Child, 1997, pp. 51-52). Also information can constrain or enhance strategic choices (Child, 1997, p. 52). Nevertheless, Child (1972, p. 10) states that the dominant coalition´s decisions and choices on which markets to serve, products to produce, employers to employ, etc. determine their environmental limits and thus their scope of choice. Furthermore, action and choice are limited by the relationships and resources organizational actors have (Child, 1997, p. 60). Strategic Choice Theory views the evolution of organizations as consequence of the choices of organizational actors (Child, 1997, p. 65) and describes organizational evolution as a dynamic process of choice: "*information - evaluation – learning – choice – action – outcome – feedback of information*" (Child, 1997, p. 70). Strategic choice, and thus Strategic Choice Theory, is only appropriate referring to organizations as being both proactive and reactive regarding the interdependence of action and constraint (Child, 1997, p. 72).

2.4.2 Dominant coalition partially enacts the organizational environment

As Kochan et al. (1984, p. 10), state a precondition for strategic choices to be made is that decision makers can actually influence the course of actions and environmental constraints do not overpower the dominant coalition´s ability to decide. An example of environmental constraints to strategic choices can be influenced by labour unions or deregulation (Kochan et al., 1984, p. 22; Reger et al., 1992, p. 201). As Child (1972, p. 17) states: "*Strategic action will involve an attempt within the limits of availabilities and indivisibilities, to establish a configuration of manpower, technology, and structural arrangements which is both internally consistent and consistent with the scale and nature of operations planned*." The "*goodness of fit*" arising from this configuration will determine the level of efficiency as costs vs. output and the overall performance of the organization (Child, 1972, p. 17). Thereby, the decisions of the dominant coalition are the primary driver of firm performance (Shook et al., 2009, p. 4). Nevertheless, strategic choices of managers are influenced by the manager´s perception of the situation (Nielsen & Nielsen, 2011, p. 187). Thereby, personal control is defined by the belief of being able to affect change in the desired direction (Bozeman et al., 2001, p. 489). Knowledge and perceptual differences are examples of factors which can influence the mental model of managers (Song et al., 2002, p. 977) and also uncertainty has its impact (Milliken, 1987, p. 139). Thereby, managers can for example choose the product domain or structure and resource allocation they expect to work best for their organization within their organizational domain (Child et al., 2003, p. 244). Strategic choices as e.g. which market to enter have to be made rapidly in order to overcome competitive forces (Song et al., 2002, p. 970). Strategic choices by the dominant coalition are believed to lead to organizational strategies and structures which will enact the competitive environment (Bluedorn et al., 1994, p. 202). The competitive environment can be described by means of five competitive forces: threat of new entrants, bargaining power of suppliers, bargaining power of customers, threat of substitute products or services and competition (Porter, 1979, p. 141). The choices, in turn, can e.g. be based on three competitive strategies: cost leadership, differentiation or a focus strategy (Song et al., 2002, p. 973) and the balance of competitive forces, thereby, is a result of partially external factors and partially in the company´s hands through strategic choice (Porter, 1979, p. 144). The process of strategic decision making can also be shaped and influenced by organizational structure and thus underlines a strong relationship between strategy and structure (Doty, Glick, & Huber, 1993, p. 1239; Fredrickson, 1986, p. 294); for example a centralized structure can lead to strategic choices being made by only a few centrally located managers (Fredrickson, 1986, p. 284). Also, e.g. the growth of an organization can, of course, be partially explained by an increase in demand, e.g. through a population increase, but is also driven by the choice of the dominant coalition to grow (Peng & Heath, 1996, p. 498). Furthermore, De Rond and Thietart (2007, p. 547) underline that "*strategic choice is contingent on causality, on the belief that strategies have causes as well as consequences*". Also, board involvement influences organizational strategy and in turn impacts firm performance, therefore performance results from manager´s actions (Child et al., 2003, p. 243; Jewer & McKay, 2012, p. 582; Reger et al., 1992, p. 189). Strategic choice is even believed to be possible in environments with high degrees of control of externals and thus reinforces Strategic Choice Theory (Abernethy & Chua, 1996, p. 596). Given these findings, it can be stated that Strategic Choice Theory presents various perspectives on organization studies and strategic management (Wood & Michalisin, 2010, p. 227).

2.5 Empirics - Strategic Choice Theory underlines the existence of managerial choice and its effect on organizational performance

In the following paragraphs empirical studies on strategic choice theory and their findings in regards to the basic perspectives and assumptions were reviewed. Although it is often difficult to prove theories in practice there are studies which evaluated the influence of managers and organizational environments on strategic choice. As Kochan et al. (1984, p. 30) state: "*In summary, industrial relations in the tire industry have undergone significant changes in the past few years, changes that have been driven directly by strategic business decisions made at the corporate level…. Moreover, variations across firms in the size and types of concession agreements achieved also reflected differences in the competitive strategies of each firm and the markets in which they were trying to participate.*" Other studies state that environmental factors as e.g. deregulation impact strategic choice (Reger et al., 1992, p. 201). Furthermore, studies found that the fit between the environmental factors and strategic factors is a predictor of organizational effectiveness (Doty et al., 1993, p. 1239) and, thus, supports one core assumption of strategic choice theory, being that fit between strategy and structure is important for performance. This idea is reinforced by the finding from research in China that both selection and strategic choice are critical in determining firm performance, whereby managerial action can improve organizational performance (Child et al., 2003, p. 253). Further research in China on family owned watch businesses presented proof for a significant variance in strategic choices, presenting the possibility to exercise high degrees of strategic choice (Davies & Ma, 2003, p. 1406+1414). Despite the fact that strategic choices were restricted by the environment reinforcing deterministic views the study underlines the existence of strategic choice and warns to overemphasize deterministic implications (Davies & Ma, 2003, pp. 1426-1427). Also research on telecom operators showed that reactions towards environmental changes leading to strategic choices were largely individual due to their ambition and "*industry foresight*" (Stienstra, Baaij, Van den Bosch, & Volberda, 2004, p. 276). Therefore, a middle view between deterministic and voluntaristic perspectives is advised in which strategic choice is exercised due to the interdependence of organizational agency within a "*predisposing*" environment (Davies & Ma, 2003, p. 1405). The research by Talke, Salomo, and Rost (2010, p. 914) backs this statement as it shows that strategic choices on innovation strongly impact innovativeness and therefore performance. Likewise, characteristics of actors of dominant coalitions or top management teams are seen to influence strategic choices made and by facilitating these strategic decisions diversity in decision making groups affects performance (Talke et al., 2010, p. 914). Especially in dynamic markets and environments, though, adaptability is important and thus decision teams as the dominant coalition must not be immensely pro-active and aggressive (Luo & Tan, 1998, p. 36). Individual backgrounds as e.g. experience help in explaining the bounded rationality of strategic choices and the characteristics of managers originating from e.g. culture as well are seen to influence managerial behaviour and strategic choices (Nielsen & Nielsen, 2011, pp. 191-192; Song et al., 2002, p. 976). Other factors that were found to have an impact on organizational performance by influencing strategic choices is e.g. board size and board involvement (Judge Jr & Zeithaml, 1992, pp. 785-786). Thereby, board involvement, one possibility of implementing strategic choice theory´s perspectives, is positively related to performance as a dominant coalition can control decision (Judge Jr & Zeithaml, 1992, p. 786). This finding strongly reinforces the strategic choice perspective that dominant coalitions influence firm performance and the view that organizational performance is due to strategic adaptability instead off environmental determinants. Collaboration of external managers as part of the network of the dominant coalition, thereby, can contribute to firm performance by supporting decision making (Westphal, 1999, p. 20) despite being negatively related to overall board involvement (Judge Jr & Zeithaml, 1992, p. 785). Furthermore, strategic choices were found to rather moderate than mediate the relationship between entrepreneurial drive and firm performance (Wood & Michalisin, 2010, pp. 234-235). Summarizing, research on mergers in the British and Australian entertainment industry underlined that higher officials, i.e. dominant coalitions, were found to direct mergers whereas regional officials were facilitating decisions (Campling & Michelson, 1998, p. 596). Mergers, which did not succeed were stated to fail partly due to a lack of support at executive levels (Campling & Michelson, 1998, p. 596). Furthermore, in the future managers are expected to be granted more strategic freedom and thus are able to think more often out of the box and make largely independent decisions and choices (Stienstra et al., 2004, p. 279). This provides the empirical backup which strongly underlines that strategic choices of dominant coalitions, as stated by Strategic Choice Theory, determine organizational performance, while e.g. functional managers facilitate actions following the strategic choices.

2.6 Support for Decision Making - Strategic Choice Theory contribution to Purchasing: Maximize internal control

2.6.1 Make or Buy

If the purchasing function has clarified a need for a specific material or product, what does Strategic Choice Theory say about Make or Buy?
First of all, Strategic Choice Theory stresses the importance of gathering all the available information in course of the evaluation step in the Strategic Choice Theory cycle (Figure 3) and is related to the entrepreneurial problem. As the goals of purchasing are related to the organizational strategy and

strategic purchasing has a long term focus (Carr & Smeltzer, 1997, p. 201), according to Strategic Choice Theory the organizational strategy should clarify whether to make or buy (Shook et al., 2009, p. 4). Thereby of course, Strategic Choice Theory tries to explain how resources are not only acquired but in case of purchasing how dependencies with suppliers can me managed (Campling & Michelson, 1998, p. 579) or in relation to Strategic Choice Theory goals be minimized, as dependencies imply vulnerability (Caniëls & Gelderman, 2007, p. 227) and Strategic Choice Theory favors internal control of the dominant coalition. Thus, given the fact that Strategic Choice Theory tries to minimize dependencies, Strategic Choice Theory would suggest the internal production of the item as long as it provides value to purchasing and overall performance (Baier, Hartmann, & Moser, 2008, p. 46). Though, situations can occur in which internal production is not a worthwhile option (Gilley & Rasheed, 2000, p. 765). Assuming that the organization still chooses to produce the desired product which requires that critical item and the organization cannot acquire the competencies to produce the product, Strategic Choice Theory would suggest scanning the social network of the dominant coalition to e.g. build alliances with external contacts that have the capabilities. According to Strategic Choice Theory, though, the decision strongly depends on the strategic type of the company as prospectors would strive to be proactive, innovative (Nollet et al., 2005, p. 137) and produce internally or even change their product portfolio (Shook et al., 2009, p. 7), whereas Defenders would rather source the item from an established supplier in order to ensure efficient production and a stable product portfolio (Shook et al., 2009, p. 7). In the end, Strategic Choice Theory stresses that taking the right decision is dependent on some environmental factors as e.g. suppliers and on the strategic type of the organization but most importantly on e.g. experience and information, which affects the judgment and eventually the choices of the dominant coalition.

Theory	Decision Points			
	DP1: Make-or-Buy	DP2: Selecting specific sourcing strategies for each commodity	DP3: Selecting supplier strategies and making supplier portfolio decisions	DP4: Awarding contracts after negotiating with suppliers and taking the supplier strategies into account
Strategic Choice Theory	Dependence vs. Value: Internal production preferred as it minimizes external dependence and maintains control of dominant coalition	Parallel sourcing to minimize dependence. Alternatively, single sourcing is an option for Prospectors to closely collaborate on NPD	Early Supplier Integration (Prospector) or Preferred Customer (Defender) to ensure support of corporate strategy	No long term commitments to avoid dependence and continuous seearch for alternative suppliers

Figure 3: Strategic choice theory contribution to the four purchasing decision points.

2.6.2 Sourcing Strategies

Once purchasing has established the need to purchase materials externally one has to state a strategy on how to source. This is related to the engineering problem of Strategic Choice Theory in which systems e.g. sourcing systems are developed which should support the corporate strategy. Reactors, thereby, do not really have a consistent sourcing strategy and, whereas, defenders and analyzers would focus on an efficient production, prospectors would primarily strive for sourcing strategies which enable innovating through e.g. collaborating in single sourcing (Shook et al., 2009, p. 7). Thereby, the power of buyers and suppliers and their interdependence is important for considerations of sourcing (Caniels & Gelderman, 2005, p. 150; Kraljic, 1983, pp. 112-114). Strategic Choice Theory would emphasize ensuring the highest possible degree of control and thus could either favor vertical integration or sourcing from a few smaller suppliers which can be controlled through the buying power; thus making the supplier dependent on the purchasing organization (Caniels & Gelderman, 2005, p. 150). Thereby, the sourcing strategy is, of course, mainly influenced by and specifies the corporate objectives for purchasing (Talke et al., 2010, p. 914). Using a parallel sourcing strategy or developing leverage through local management (Child et al., 2003, p. 244) e.g. through regional purchasing offices, which can manage and control smaller suppliers with their regional expertise, would be in favor of Strategic Choice Theory as they would leave most of the control over the purchasing process in hand of the dominant coalition and the buying organization.

2.6.3 Supplier Strategies

Basing on the decisions regarding the sourcing strategy the next decision for purchasing departments is to establish a supplier strategy. Establishing supplier strategies on how to deal with suppliers is also an engineering problem, in which the dominant coalition can e.g. choose to closely collaborate with customers. In relation to Strategic Choice Theory, supplier strategies depend on the supportive processes and evaluation of the organizational domain is important to find good potential suppliers. In regards to Kraljic (1983, p. 114)´s product portfolio matrix e.g. bottleneck can lead to dependencies and thus should be managed carefully with potential suppliers whereas leverage items generally can be exploited more easily. Thereby, the financial value can be seen as the profit impact and the number of suppliers as the supply risk (Gelderman & Van Weele, 2003, p. 210). The choice of suppliers to buy from is a crucial strategic decision and in regards to strategic choice theory and minimizing dependence purchasers should try to find suppliers who have the least power to influence them (Porter, 1979, p.

141). This furthermore underlines the view of Strategic Choice Theory to evaluate the company´s situation and power in regards to potential suppliers to minimize dependencies. In case of mutual dependence the supplier´s dependence can be seen a source of power for the buyer (Caniels & Gelderman, 2005, p. 143) and the dominant coalition then has the choice on how to manage this relationship, whether promptly exploiting the partnership or accepting the interdependence for future potential benefits is more appropriate. In relation to e.g. exploiting a partnership an important step would be finding alternative suppliers and moving to non critical quadrants in order to avoid dependence (Caniels & Gelderman, 2005, p. 145). Therefore, reinforcing the view of Strategic Choice Theory to minimize dependence in order to maximally control the purchasing process, purchasers should always look out for trends and alternative suppliers even in satisfactory business relationships (Caniëls & Gelderman, 2007, p. 227). Though, as interdependencies and collaboration can enhance performance an advice which is in line with Strategic Choice Theory would underlined to carefully balance the dependence of suppliers with the desired rate of return. This would lead prospectors to e.g. apply early supplier integration (Cousins et al., 2008, p. 53; Schiele, 2010, p. 139) to innovate together with suppliers and thus maximize the opportunity for diversification. In contrast, defenders and analyzers would rather try to become preferred customer (Schiele et al., 2011, p. 2) of their supplier; In case of the defender this would aim at the highest possible cost-efficiency, while analyzers would not only try to achieve cost-efficiency but additionally try to achieve product development benefits from the relationship.

2.6.4 Contracting

With regards to contracting Strategic Choice Theory has few implications and support for decision making as negotiation is normally already finalized. During negotiation, established business partners thereby, can often predict the other person's behavior (Vogt, Efferson, & Fehr, 2013, p. 7), which can help to affect the negotiation in order to gain control over the process and minimize dependence through e.g. negotiating lower prices. In relation to strategic choice theory, contracting can be regarded as the core administrative problem in purchasing as this decision point includes manifesting and stabilizing the previous decisions and facilitating the previously decided strategies and systems. Of course, also here, Strategic Choice Theory tries to accomplish minimizing the dependence towards the supplier and thus long-term commitments can be categorized as risky; thus the critical task is to balance supply risk and buy risk through e.g. cost plus fixed fees, or fixed price plus incentives (see Figure 4). Nevertheless, regarding the social ties of the dominant coalition, external contacts can have both a constraining and facilitating character (Caniëls & Gelderman, 2007, p. 228). The previously acclaimed benefits of collaborating with contacts in the external network (Gao, Sirgy, & Bird, 2005, p. 399) underline the fact that cooperation can enhance "*purchasing efficacy*" (Janda & Seshadri, 2001, p. 302). Also supplier dependence can increase mutual trust and thus lead the supplier to better performing by e.g. meeting or exceeding product specifications (Gao et al., 2005, p. 399). Therefore, Strategic Choice Theory does not necessarily underline minimizing dependence as a must but also acknowledges benefits of collaboration: Prospectors would, thereby, rather focus on short-term commitments to stay independent and innovative whereas defenders would contract on basis of cost-efficiency e.g. performance incentives in pricing. Thus, the most appropriate contract would depend upon the organizational strategy and how the dominant coalition believes to support the strategy in terms of supplier contracts, whether short –or long-term, whether fixed price – or cost-sharing, etc.

3. CONCLUSION - STRATEGIC CHOICE THEORY SUPPORTS DECISION MAKING IN PURCHASING

This paper presented one of the grand theories of Supply management, the Strategic Choice Theory (Strategic Choice Theory), and elaborated on its implications and contributions for decision-making in Purchasing. As the theory originates from organization studies it was challenging to directly apple it on decision points and processes in the purchasing year cycle.

Despite the support the Strategic Choice Theory has gained in the last decades there is still critique attached to it, which mainly comes from more deterministic corners of management science. The question arises whether strategic choice theory, to a certain extent, overemphasized managerial choice in organizational decision making and whether environmental variables and factors do not have a larger influence on organizational choice than assumed. Do organizations actually always have a choice? Or, in relation to purchasing, which choices do organizations have if undesired situations occur e.g. in which internal production is not worthwhile despite minimizing dependence (Gilley & Rasheed, 2000, p. 765)? As Hrebiniak and Joyce (1985, p. 343) state, organizational choices do exist and are possible but they are limited due to lack of resources and power of organizations within their environments. Environments may not only play a partial role in determining choices and actions made by the dominant coalition but, depending on the organization and environment, might even have a greater effect on organizational decision making than strategic choice theory accounts for. Nevertheless, the degree of influence the environment has on decision making depends on both organization e.g. strategy and environment (Lawless & Finch, 1989, pp. 360-361). Therefore, the strategic choice – resource dependence approach was developed, to underline that neither environments solely determine organizational responses nor that choice can be exercised in isolation from the environment: environment and managerial choice interplay (Campling & Michelson, 1998, p. 580).

Nevertheless, some of the raised points can be useful for both science and practice. First of all, a purchasing year cycle and its subsequent processes has been developed in which clear decision points are identified. These can help in organizing and structuring Purchasing functions in general and especially its decision-making purposes. Secondly, this paper summarized the main assumptions, variables and statements of Strategic Choice Theory, also commonly referred to as strategic choice view or strategic choice approach. Thereby, Strategic Choice Theory showed its relevance and importance for strategic management in general by underlining strategic alignment of purchasing and corporate strategies thanks to its focus on internal control and agency. As Strategic Choice Theory stresses the importance of organizational actors in decision making it underlines the importance of board involvement of functional managers as e.g. purchasing and in general a continuous and narrow evaluation of the organizational environment. For the Purchasing function this can have powerful implications for the four decision points, make-or-buy, sourcing strategies, supplier strategies and contracting. Although implications strongly depend on e.g. product portfolio and strategic type Strategic Choice Theory can identify the best fit of purchasing strategy and corporate strategy. One example: For a Prospector organization, very innovative with a very diversified portfolio Strategic Choice Theory implies the following: functional areas should work together as e.g. combining the capabilities of R&D and Purchasing departments can lead to accomplishing highly innovative and high qualitative products through choosing upon working together with only a few suppliers e.g. adapting a strategy of Early Supplier Integration in the innovation process. Nevertheless, dependence should be balanced so that switching suppliers should be fast and easy by rather short-term contracts, as Prospectors savour independence to innovate above stability of e.g. suppliers. For Purchasing this would mean it would need to continuously follow trends and evaluate (alternative) suppliers to repeatedly deliver the most innovative and qualitative products to support the corporate strategy of being a product developer. Nevertheless, the paper has some limitations as Strategic Choice Theory has many variables and implications for differing organizations. Future research could focus more strongly on the implications of the different strategic types for Purchasing: How do prospectors, defenders and analyzers organize their Purchasing and what are their core objectives to support both purchasing and corporate strategy? Also future research could analyze the range of choice top purchasing managers have in the four decision points. Therefore, delivering the empirical proof of the before stated points that purchasing managers have a choice in their decisions and that these decisions directly affect purchasing performance and thus organizational performance. Last but not least, further research on strategic choice theory could integrate another factor in the model: How does value or profit relate towards strategic choice theory and purchasing? Is there a limit to maximizing control of the dominant coalition and minimizing dependence with regards to value creation? And how can a dominant coalition find a balance between dependence and return when making strategic choices in the purchasing year cycle?

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APPENDIX

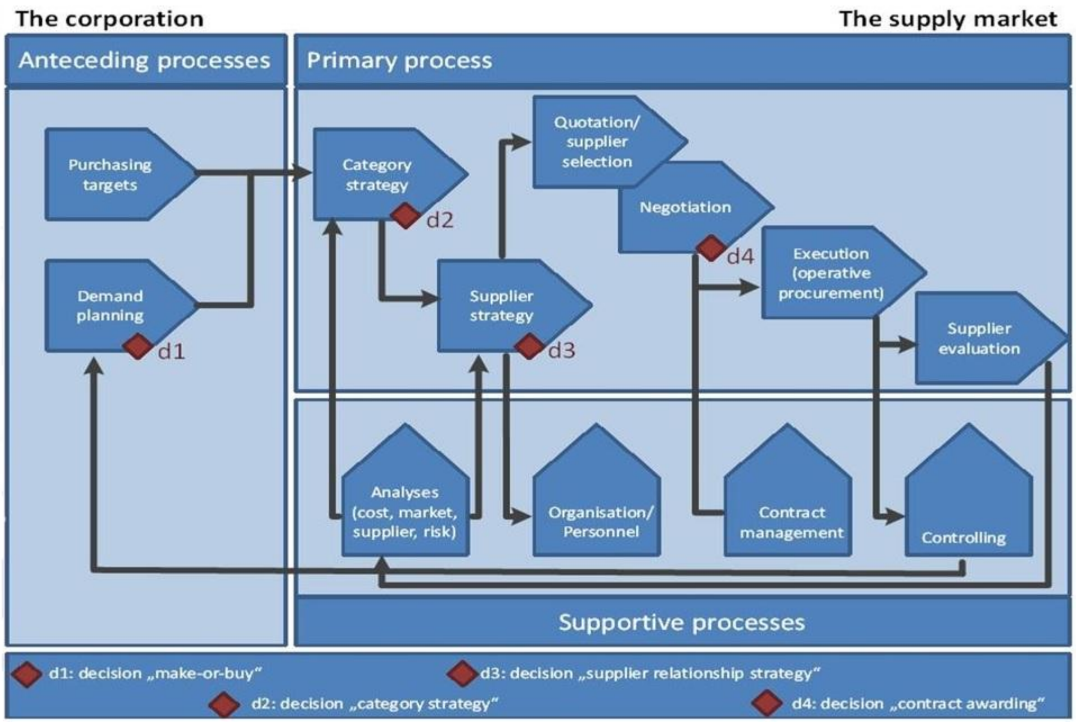

Figure 4: The purchasing year cycle