



MTMRF Fall 2010 Research Seminar Series

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Speaker: Chenglei Huang and Bo Li, MTMRF members

AMBIDEXTROUS GOVERNANCE PRACTICES FOR SUPPLY CHAIN RISK MANAGEMENT: LESSONS FROM 2010 TOYOTA GLOBAL RECALL EXPERIENCES

Chenglei Huang, Ph.D. Candidate, College of Business Administration, University of Toledo, USA, E-mail: Chenglei.Huang@UToledo.Edu

Bo Li, Ph.D. Student, College of Business Administration, University of Toledo, USA, E-mail: Bo.Li@utoledo.edu

ABSTRACT

Today's increasingly turbulent global market environment exposes firms to the high level of potential business risks throughout their value chains. These complex risk possibilities require firms to face the challenges of formulating and implementing effective risk management practices. The most recent example is Toyota's global recall cases in 2010. Much discussion is under way, and yet it is unclear how firms deal with seemingly contradictory nature of both (1) predictable and yet uncertain circumstances (2) unpredictable and ambiguous events. Many firms too often use either control mechanisms or collaborative arrangements, but not necessarily both (i.e., ambidextrousness).

This paper, based on literature review, presents a research model that defines, ambidexterity of businesses that are critical to deal with (1) control-driven or/and collaboration-initiated organizational behaviors (2) explorative or/and exploitative knowledge practices. This paper extends ambidexterity concept further into risk management in supply chain context with the concept of the ambidextrous supply chain risk management (A-SCRM) strategy. The corresponding processes are identified by integrating the concepts from SCRM, value competing theory, governance theory and psychology theory (two factors theory).

In this paper, we suggest that the judicious implementation of A-SCRM can facilitate the effective supply chain risk management and discuss implementation details of A-SCRM. The 2010 Toyota recall case indicates an illustrative example that highlights the needs for the ambidextrous supply chain risk management (A-SCRM) strategy. Lessons and implications of A-SCRM and Toyota case are discussed.

Key Words: Risk Management; 2010 Toyota Recall Case; Ambidextrous Supply Chain Risk Management (A-SCRM) Strategy and Processes.