

Team Reflexivity and Regulatory Focus Can Enhance Sales and Operations Planning Effectiveness: Evidence from a Business Simulation

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A growing body of literature in supply chain management points to the importance of behavioral factors in the sales and operations planning (S&OP) process, since this process is subject to both intentional, functional biases (Grimson & Pyke, 2007; Mahmoud, DeRoeck, Brown, & Rice, 1992; Oliva & Watson, 2009, 2011; Shapiro, 1977) as well as unintentional, cognitive biases (Oliva & Watson, 2009, 2011).

Prior research has shown that team reflexivity (i.e., the extent to which teams collectively reflect upon and adapt their working methods accordingly) can function as an antidote to team information processing failures (Schippers, Edmondson, & West, forthcoming). Beside this, personalities within the team play a role: Promotion-focused individuals more readily engage in risky and exploratory processing styles than prevention-focused individuals (Crowe & Higgins, 1997; Friedman & Förster, 2001; Higgins, 1998).

In the current study, we introduce team reflexivity and regulatory focus (i.e. the propensity to seek or avoid risks) as behavioral factors influencing S&OP decision making effectiveness. A sample of 258 people distributed over 81 S&OP teams played a business simulation, The Fresh Connection (for a thorough description see (De Leeuw, Schippers, & Hoogervorst, forthcoming). We found that high (vs. low to moderate) levels of reflexivity positively (vs. negative to moderately) influenced the decision making effectiveness of S&OP teams as a function of their overall team-level regulatory focus. We identified the boundary conditions for this effect, and discuss how these insights improve our knowledge about team dynamics and personality differences in S&OP decision making.

The main contribution of our research is that we show the viability of a behavioral approach to supply chain management at the team level. Our main findings clearly indicate that S&OP decision processes are influenced by cognitive-motivational factors that can make or break their performance. This is consistent with a growing awareness that behavioral biases are critical to people's decision making and performance in operations management settings (e.g., Bendoly, Croson, Goncalves, & Schultz, 2010; Gino & Pisano, 2008; Oliva & Watson, 2009, 2011).

Managers often face the dual challenge of selecting team members that make optimal decisions and managing the team context to render it more conducive to optimal decision making and performance. Our study directly addresses this challenge, identifying the combination of reflexivity and regulatory focus as a possible route to more optimal decision making and performance.

Keywords: Sales and operations planning; behavioral operations management; team reflexivity, regulatory focus; decision making effectiveness

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