OBA Seminar Series

An Empirical Investigation on the Appointments of Supply Chain and Operations Management Executives

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Abstract: Many firms are changing the composition of their top management team (TMT) to include a Supply Chain and Operations Management Executive (SCOME). SCOMEs as part of TMTs have responsibility for all or a broad spectrum of the Supply Chain and Operations Management functions. This paper empirically examines three issues related to the appointment of SCOMEs. First, we examine the stock market reaction to announcements of appointments of SCOMEs. Second, we shed light on timing of the decision to appoint a SCOME by examining whether appointments of SCOME are preceded by poor stock price performance. Third, we identify and investigate factors that can affect the likelihood of whether a SCOME is appointed from inside or outside the firm.

Our empirical analysis is based on a sample of 496 SCOME appointments that are publicly announced during 2000-2009 period. We find that the stock market reaction is positive on the day of the announcement. The market reaction is more positive for newly created positions than appointments in existing positions. The market also reacts more positively when a SCOME is an outsider rather than an insider. Additionally, we find evidence of poor stock price performance during the year preceding appointment of SCOMEs. Much of this poor stock price performance is observed in the subsample where a firm replaces the current SCOME with an outsider. We use probit models to examine factors that drive the choice of SCOMEs and find that the likelihood of SCOME being an outsider is higher for (i) smaller firms, (ii) for firms that operate in more concentrated industries, and (iii) for firms that have experienced poor prior performance.

Biography: Vinod Singhal is the Brady Family Professor of Operations Management at the College of Management at Georgia Institute of Technology. He is the Associate Dean for MBA programs, and Area Coordinator for Operations Management. He received his Ph.D. from the University of Rochester in 1988. His undergraduate major is in Mechanical Engineering and graduate major is in Business Management. Prior to joining Georgia Tech in 1989, he worked for three years as a Senior Research Scientist at General Motors Research Labs.

Vinod’s teaching interests include operations strategy, total quality management, supply chain management, and technology justification. His research has focused on the impact of operating decisions on accounting and stock market based performance measures. His research has been supported through grants from the US Department of Labor, National Science Foundation, the American Society of Quality, and the Sloan Foundation. He has published extensively in academic and practitioner publications and has been invited to present his research at nearly 100 practitioner conferences and 50 universities in 40 different countries. His research has been extensively cited in the media including Business Week, The Economist, Fortune, Smart Money, Financial Times, Investor’s Business Daily, and Daily Telegraph.

Vinod is a Departmental Editor of Production and Operations Management, and Associate Editor of Journal of Operations Management, Management Science, and Manufacturing and Service Operations Management. He is a member of the editorial boards of IEEE Transactions, Operations and Supply Chain Management: International Journal, and Quality Management Journal. He has served on the Board of Examiners of the Georgia Oglethorpe Award, Bell South’s President Quality Award, and the Baldrige Board of Examiners. He is frequent presenter at various national and international academic and practitioner conferences.

For information about the OBAIS Seminar series, contact Uday Rao, uday.rao@uc.edu, 513 556 7138.