CHAPTER 6

CONCLUSION
6 CONCLUSION

This chapter is organized as follows: Section 6.1 presents the managerial implications of the study. Sections 6.2 and 6.3 describe the limitations and future directions, respectively. Finally, Section 6.4 concludes this study.

The idea for this study was obtained from the unaddressed construct of supply chain orientation (SCO) and its unexplored relationship with supply chain performance (SCP), based on the pertinent literature review. This motivated us to pursue the enquiry about the following four questions related to SCO: (i) What is SCO and its importance and how did it evolved? (ii) What is the relationship between SCO and SCP? (iii) What are the facilitators (mediating variables) in the SCO-SCP relationship? (iv) How can supply chain practitioners improve SCP? In this study, we focused on the broader scope of understanding of SCO based on the second, third and fourth questions. The purpose of this study was then finalized to understand and explore SCO, its outcomes and facilitating variables.

This study examined the essential part of supply chain management (SCM), that is, SCO, and explored the SCO-SCP relationship. Further, this study proposed and empirically tested a framework to establish linkages between SCO and SCP along with the mediation effect of supply chain agility (SCA) and supply chain integration (SCI). A deeper understanding of these linkages may enable supply chain players to differentiate themselves well and gain a competitive advantage. The managerial insights derived from this study are discussed next.

6.1 Managerial Implications

SCM is based on the concept that SCP is enhanced via well-managed upstream and downstream flows of products, services, finances and information from source to the
consumer. When supply chains are properly managed, various operational indicators such as productivity, quality, service levels and customer satisfaction are improved (Tan, Kannan, & Handfield, 1998). To reap the above benefits, implementation of SCM philosophy is a must. SCM philosophy advocates that supply chain members have a holistic, collaborative and valued-focused view of the entire supply chain (Mentzer et al., 2001).

This study is an attempt to propose a theoretical model and empirically validates the relationship of SCO (i.e. implementation of the SCM philosophy) and its impact on SCP. It examines the direct and mediating relationship via SCA and SCI, on how SCO can enhance SCP. The results provide several important insights that extend the existing theory on SCO, and can be used to enhance firm performance.

SCO can be considered a strategic firm capability (Hult et al., 2008). A firm’s SCO is reflected in the firm’s culture, which makes it difficult to imitate (Mello & Stank, 2005). SCO is built upon six different pillars: (i) commitment, (ii) organizational compatibility, (iii) top management support, (iv) benevolence, (v) credibility and (vi) cooperative norms. The individual firm’s performance on these six dimensions greatly influences SCM and has direct impacts on SCP. Hence, supply chain managers constantly need to measure and monitor the performance across these dimensions to fulfil the expectations of the end consumer. This provides an opportunity for supply chain managers to focus on certain dimensions and achieve excellent performance to differentiate themselves in the competitive marketplace. In testing the proposed hypothesis, in this study, we found that SCO is positively associated with SCP, that is, an increase in SCO leads to enhancement of SCP. This is a very crucial finding from the theoretical standpoint. So supply chain managers should subsume SCM philosophy while formulating strategic objectives because it has an impact on
business performance. Most supply chain managers agree that top-management support and the other five dimensions of SCO are important factors.

This study contributes to the designing of effective approaches for SCO, SCI, and SCA to enhance the SCP of Indian manufacturing firms. The notable findings of this study are that SCA and SCI are influenced by SCO and that SCI and SCA fully mediate the SCO-SCP relationship. This work clarifies the important role of SCO in achieving agility and aligning supply chains. Manufacturers are now trying to use supply chain network resources through effective SCI. Firms looking for strong collaboration with supply chain members must take SCO into account, because SCO positively impacts SCI. By stimulating SCO in partnering firms, supply chain managers can improve the SCA and SCI of their firms. Also, supply chain practitioners should empower their employees and firms to build and maintain a holistic, collaborative and valued-focused view of the entire supply chain. Creating a culture of collaboration where employees are encouraged to work together within as well as various upstream and downstream firms. Traditionally, supply chain players are modelled as being self-profit driven and high on opportunistic behaviour. Accepting and practising SCO will be a difficult task, so better training of employees is needed for smooth adoption of SCO and enhancement of SCP.

The mediating role of SCA and SCI needs to be taken into account while devising strategies for enhancing SCP. SCI can be improved through technological innovations, increasing visibility, alignment of incentives for collaboration, etc. SCA can be achieved through transparent flow of information, technology advances, flexibility training of employees, and increasing the flexibility of processes.
The priority map for decision regarding improvements/investments on SCP in descending order was as follows: SCI, SCA, benevolence, credibility and top management support. Therefore, this study will help supply chain managers to identify the broader areas of investments and improvement in designing supply chains. It will also help supply chain managers to identify core areas of SCM to stress upon devising strategies for enhancing the overall SCP.

The proposed SCO-SCP framework will also provide an opportunity to closely develop an organization behaviour- operations management interface to co-create enhanced supply chain relationships and minimize the conflicts at various stages and processes. Supply chain managers who have a thorough insight into various attitudinal aspects of supply chain partners will be able to efficiently position and promote their products and services to match customer expectations.

Besides, firms having less developed SCA and SCI may not develop their SCP, inspite of having high levels of SCO. An augmented ability to adapt quickly to the changes along with efficiently integrated actions may aid in reducing barriers to SCP. The ability to adapt quickly and integrate with supply chain members hinges on the basic factors of SCO. In tandem with earlier studies, our results also confirmed the important role of SCA and SCI in designing SCP. The results infer that supply chain managers should seek to adapt quickly and enhance internal and external integration, with strong emphasis on SCO to enhance SCP.

This section has described the managerial implications of this study. The limitations of this study are discussed in the next section.
6.2 Limitations

The findings of this study are constrained by several limitations: Firstly, the sample is skewed towards Indian manufacturing firms. Also, this study has used purposive sampling comprising respondents only from Western India. So the results cannot be generalized; however, this provides an opportunity to further explore our framework considering different supply chain members, namely, distributors, logistic partners and retailers. This study is restricted to nine industries falling under the domain of manufacturing sector. These include apparel, automobiles, computer equipment manufacturing and electronics. Although the proposed framework is holistic, it ignores the other dimensions of supply chains. Examples include sustainability, supply chain risk and operational slack. This study is restricted to the manufacturer’s perspective and is not based on viewpoints of the end consumer or any other player. This study is restricted to only tangible products; thus, conclusions may not be relevant for the service industry. Future research directions of this study are presented in the next section.

6.3 Future Research Directions

As per the pertinent literature review, SCO is a very less researched area and calls for a deeper investigation of the construct. There are only a few papers that have studied SCO and its linkages with other supply chain constructs (Min, Mentzer, & Ladd, 2007; Hult et al., 2008; Patel et al., 2013). However, an in-depth understanding of SCO will enable supply chain managers to effectively manage their supply chain and stay ahead of competition. A deeper analysis of various sub-dimensions of SCI (e.g. internal integration, external integration and customer integration) on the SCO-SCP relationship will be a suitable area for conducting future research. Similarly, the
various sub-dimensions of SCA, namely, alertness, flexibility, decisiveness and flexibility, and their effect on the SCO-SCP relationship can also be studied in detail. SCP can also be divided into operation-based performance and customer-based performance, so the SCO impact of these two dimensions along with various sub-dimensions of SCI and SCA will yield deeper insights. The cross-country analysis of SCO is also a valid area of research. Because SCO is a behavioural construct, it can easily get influenced by country culture. The qualitative research on the SCO-SCP relationship is also an open area for research. Other than the above points, the scope for future research is as follows:

(1) Longitudinal studies are required to capture the complete SCO phenomenon. (2) The findings of our study are correlated and not casual. (3) This study considers only two mediating variables; by adding more determinants, the model will achieve better predictive power. (4) The SCO of service-oriented supply chains can open up new dimensions in the SCO-related literature. (5) The empirical investigation of multiple combinations of supply chain players, for example, suppliers, manufacturers, distributors, retailers and final customers, is also a valid area for future research. (6) The strategy-structure paradox of SCO is also an interesting area for future research. (7) How the benefits of integrations are allocated among the partnering firms i.e. the effect of various types of contracts on the SCP is an interesting area to do further research.

6.4 Conclusion

The aim of this study was to develop and empirically test a conceptual framework for establishing linkages between SCO and SCP. SCO is an important but less researched area in the realm of SCM. The relationship between SCO and SCP was an unexplored
area. Our study examined the evolution and importance of SCO, along with exploring the linkages of SCO with SCP, and it takes into account the mediation effect of SCA and SCI. It is therefore the first attempt to concatenate a standalone framework (e.g. Six dimensions of SCO, SCI and SCA) available in the literature.

This study helps supply chain managers to distinguish factors that make a distinct difference to SCP. The relative contributions of impact and performance in improving SCP can be arranged in descending order as follows: SCO, SCI, SCA, benevolence, credibility and top management support. SCI, which is the collaboration of supply chain players, is found to be mediating the SCO-SCP relationship. SCI is one of the most important solutions in the domain of SCM. Many researchers have advocated that SCI enhances the efficiency and effectiveness of the overall system. The other variable that was found to have a full mediation effect is SCA. SCA is a relatively new but important thread of research. The collective ability of the system to adapt to changes and respond efficiently is the crux of SCA. SCA is a dynamic capability and helps supply chain managers to enhance SCP. This study can help supply chain practitioners, academicians, managers, policy makers, regulatory bodies, etc. in designing supply chains and managing them efficiently. Finally, this study also contributes to the academic literature by establishing the linkages of SCO along its six dimensions to SCI and SCA to improve SCP and contribute towards building the theory of SCM.