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Entrepreneurial orientation, supply chain viability and financial performance: A conceptual framework

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Topic(s): Operations and Supply Chain Management and the Covid 19 pandemic

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Purpose

The main purpose of this research is to develop a conceptual framework describes the role of entrepreneurial orientation (EO) in achieving supply chain viability (SCV) and enhancing financial performance. Global supply chains (SCs) are increasingly facing challenges in terms of improving the efficiency, speed and the effectiveness of shaping responses to disruptive crisis, like COVID-19. SCV can help firms adapt and survive in critically changes. However, existing research on SCV is still at its nascent stage, and there is a lack of understanding on the role of EO in driving firms to build SCV in responding to disruptively environmental changes (Ketchen et al., 2020). To address this gap, this research pressures on the resource-based view (RBV) and dynamic capabilities view (DCV) of the firm to develop a conceptual framework that investigates the relationship between EO, SCV and financial performance (as shown in Figure 1).

Supply chain viability has received increasing attention from academics and practitioners in last few years due to the occurrence of the COVID-19 crisis that fundamentally disrupted SCs, abruptly terminating both demand and supply, and the capability of production, distribution, and exchange (Ivanov, 2020). The COVID-19 crisis has unveiled a novel disruption context for manufacturing firms, which unfolds a significant need for manufacturers to develop SCV that can shape effective and efficient SC responses of a firm in response to radical environmental changes (Ivanov and Dolgui, 2020).

EO has been regarded necessary in guiding firms' SC in response to disruptively environmental changes by encouraging firms to create and leverage their organisational capabilities. Firms with a high level of EO are more likely to effectively manage disruptive events and efficiently deploy resources in the SC by promptly responding to emerging opportunities and threats. Whilst the importance of EO has been stressed in the changing environment, our understanding of how firms utilise entrepreneurial resources in the SC to deal with the environmental changes remains limited. The COVID-19 crisis has unveiled a novel context for this research to investigate the effect of EO on SCV.

RBV explains how competitive advantages can be exploited through possessing a heterogeneity of valuable, rare, inimitable, and non-substitutable resources or/and capabilities. In SCV, entrepreneurail orientation (an intangible resource) can motivate firms to create and develop SCV to enhance firms' ability to respond to environmental changes and fulfil rapidly changing market needs.

Through a lens of DCV, this research views SCV as a specific form of dynamic capabilities that helps firms survive and prosper in changing environments. According to

DCV, while firms struggle for facilitating SC responses to survive in an environment of finite resources, there is a premium on firms' ability to sense and seize emerging opportunities and avoid threats to obtain first mover advantage and engage new customers (Wilden et al., 2016). Although previous literature recognised the role of dynamic capabilities in achieving superior firm performance, very few research have investigated the effect of SCV on financial performance in the novel context of COVID-19.

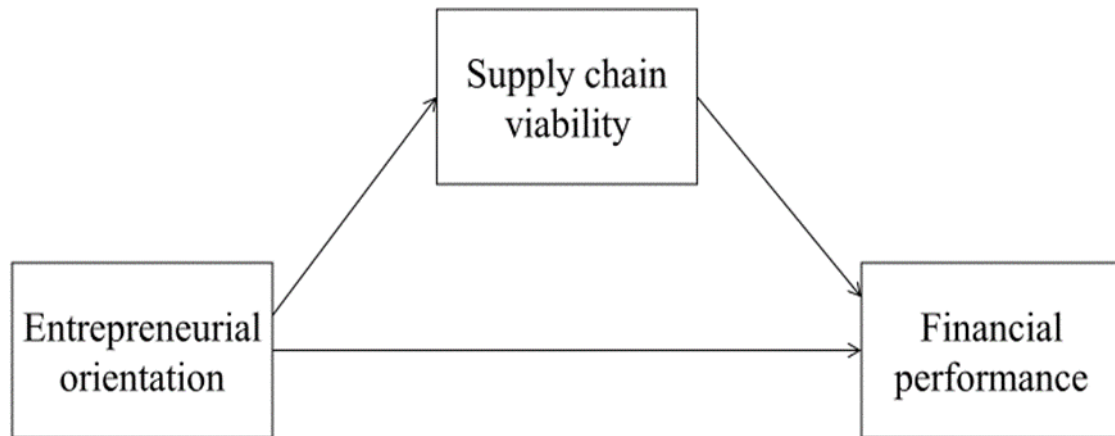


Figure 1: Conceptual framework

Design/methodology/approach

The paper conducted a systematic, comprehensive review of both academic and practitioner literature to develop a conceptual framework that describes the role of EO in creating SCV and improving financial performance. Multiple company reports within industry were also taken into consideration to obtain further insight.

Findings

Previous literature on EO underpinned the importance of EO for SCs in highly uncertain environments whereby EO can help firms promptly respond to business opportunities and market threats. However, there is a paucity of research exploring the role of EO in the novel context of the COVID-19 crisis. Through a comprehensive literature review, the paper developed a conceptual framework incorporating EO, SCV, and financial performance. Through a theoretical lens of RBV, how EO can help firms create SCV has been explored. Also, in line with DCV, the effect of SCV on financial performance has been investigated.

Relevance/contributions

Theoretical implications – Based on a comprehensive literature review, the paper, first, systematizes the existing knowledge on EO, which provides a basis for creating SCV; second, the review formulates a conceptual framework that contributes to the understanding of the relationship between EO, SCV, and financial performance; third, the

paper uses the theoretical lens of RBV and DCV as a basis for developing the broader span of SCV.

Practical implications – The paper provides practitioners with insights into how entrepreneurial resources can guide firms to shape SC responses in responding to environmental changes, especially caused by COVID-19. This offers a potentially significant signal as to where to make improvements in congruence with the changing environment. Moreover, it is important for firms become entrepreneurial first, and then strategically develop SCV to facilitate the efficiency, speed, and effectiveness of responding to disruptive disruptions.

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