Influence of Transactional and Moral Orientations on Innovation Performance in Supply Chains

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ABSTRACT

Innovation performance for inter-organizational effect is one way to enhance strategic competitiveness. It is generally agreed that the development of innovation performance facilitates such sustainable management among inter-organization in supply chains. This paper presents a research model comprises five research hypotheses with four constructs, including transactional orientation, moral orientation, dynamic capability and innovation performance. The constructs are measured by well-supported measures in the literature. Structural equation modelling was used to analyze survey data collected from 260 manufacturing firms that were among the top 1,000 Taiwanese manufacturing firms of 2012 listed by Business Weekly. The results of the empirical study suggest that transactional and moral orientation is critical in ensuring the inter-organizational innovation performance as it promotes the dynamic capability in the process.

KEYWORDS

Dynamic Capability, Innovation Performance, Moral Orientation, Transactional Orientation

1. INTRODUCTION

In supply chains, innovation performance is of crucial importance to improve inter-organizational performance and enhance competitive advantages for all members (Damanpour & William, 1984; Damanpour, 1991; Wagner et al., 2002; Chapman et al., 2003; Ulusoy, 2003; Roy et al., 2004; Song et al., 2006; Mandal, 2015). Organization can achieve an objective of sustainable development from that innovation performance through the response of environmental change (Rosner, 1968). Innovation performance is a means that is encouraged to use internal and external ideas or paths to demand changes as the relevant parties look to advance their technology (Chong et al., 2011). For maintaining

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competitive advantages, companies should enhance inter-organizational interactive relationships that promote innovation performance among collaborative members (Soosay et al., 2008), so inter-organizational innovation performance within a supply chain has become a common practice.

To achieve the advantages of innovation performance and reach sustainable development, it is a critical problem for the members of supply chains to analyse the factors that affect inter-organizational innovation performance. During the last few decades, there have been several inter-organizational innovation performance initiatives that have been widely studied, as shown in Table 1. Research on inter-organizational innovation performance have examined supply chain management practices (Chong et al., 2011) and trust and contract (Wang et al., 2011) among other factors (Lau et al., 2010; Kibbeling et al., 2013; Menguc et al., 2014). In particular, little has been examined the inter-relationship between relational governance and dynamic capabilities that affect innovation performance and these relationships, so it is essential for all the parties involved to be in cooperative behaviors for achieving the benefits of inter-organizational innovation performance. A successful supply chain not only depends on maintaining good relationship but also enhances inter-organizational innovation performance through increased dynamic capabilities between partners.

For sustaining competitive advantage, companies have to develop the relationship of cooperation that enhance innovation performance among inter-organizational partners (BarNir & Smith, 2002; Powell et al. 1996) and thus relational governance is key perspectives in supply chains. The goal of relational governance is to seek long-term strategy and transaction for both seller and buyer. Relational governance in supply chains can obtain the best benefit (Macneil, 1980), and achieve a win-win situation for manufacturers and suppliers (Yu et al., 2006). Thus, partners in a relationship begin to value the relationships and will maintain good relationships for enhancing their competitive advantage in supply chains (Boddy et al., 2000; Biggemann and Buttle, 2012).

To sustain inter-organizational relationships and long-term collaboration in supply chains, it is important to maintain good relational governance such as select a good collaborator that can provide firm’s resources and their manager have good moral standard. A good collaborator can collaborate closely in mind and support each other between inter-organizational partners in supply chains. In order to obtain the best benefit among inter-organizational partners, enterprises have to select cautiously collaborator (Wu, 2014) and then focus on relational governance with supply chain partners to achieve innovation performance in supply chains. But only relational governance

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Table 1. Previous research summarizing the antecedents to innovation performance in supply chains

<table>
<thead>
<tr>
<th>Illustrative Research</th>
<th>Context</th>
<th>Theoretical Basis</th>
<th>Antecedents to Innovation Performance in Supply Chains</th>
<th>Key Findings or Propositions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Laursen &amp; Salter (2006)</td>
<td>between supply chain partners</td>
<td>Managerial attention theory</td>
<td>External search breadth and depth, Openness and absorptive capacity</td>
<td>Through open search strategies that involve the use of a wide range of external actors and sources to achieve and sustain innovation.</td>
</tr>
<tr>
<td>Ebersberger (2010)</td>
<td>between supply chain partners</td>
<td>Open innovation theory</td>
<td>Search, external sourcing, commercialization, and collaboration.</td>
<td>Open innovation practices have a strong impact on innovation performance.</td>
</tr>
</tbody>
</table>
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