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**Impact of Market Responsive Strategy on Supply Chain Risk:
The moderating role of Supply Chain Flexibility**

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Abstract

In order to remain competitive in the market, firms in general tend to expand their product offerings and offer high levels of customization, but without the necessary capabilities to successfully implement such a strategy. As a result, firms that adopt the so called 'market responsive strategy' are increasingly facing higher risks in terms of supply disruptions, production and delivery delays that ultimately result in poor operational performance. This study aims at understanding the antecedents of supply chain operational risk faced by firms and the conditions under which such risks can be mitigated. Using Indian data from the sixth edition of International Manufacturing Strategy Survey (IMSS) and structural equation modeling, we investigate the relationships between market responsive strategy and supply chain risk, through the mediating and moderating effects of environmental uncertainty and supply chain flexibility respectively. Drawing from contingency theory, we identify appropriate types of flexibility to mitigate the three major aspects of supply chain risk: supply risk, manufacturing process risk and delivery risk. Our empirical investigation reveals that market responsive strategy leads to high supply chain risk due to environmental uncertainty faced by firms; and in uncertain environments, supply and manufacturing flexibility helps in reducing the supply and manufacturing process risks respectively. However, our results also indicate that, in emerging markets such as India where logistic infrastructure is less developed, internal capabilities alone may not be sufficient in reducing supply chain delivery risk. Our findings not only contribute towards filling certain gaps in the supply chain risk management literature, but also provide practicing managers and researchers a better understanding of the types of flexibility that can mitigate supply chain risk in different business environments.

Keywords: *Supply chain risk; Environmental uncertainty; Supply chain flexibility; Market responsive strategy*