The Effects of Trust and Capability in Supply Chain on Firm Performance through Supply Chain Agility and Collaborative Advantage

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Purpose – In this research, an integrated model is proposed to explore the effects of trust, agility, collaborative advantage and capability dimensions on firm performance and how they interact with one another. In some of the research in the literature, the effect of the dimensions that are trust in supply chain, supply chain agility, collaborative advantage in supply chain and supply chain capability on firm performance has been empirically proven. Yet, no research exists in the literature that explains the indirect effects of these dimensions through one another. Consequently, this study aims to close this gap in the extant literature.

Design/methodology/approach – Structural equation modelling method was utilised to test the hypotheses of this study. Quantitative data was obtained by means of survey in a five-point Likert scale. Initially, confirmatory faction analyses and reliability analysis were performed respectively to determine the validity and reliability of the scale. The analyses were performed with SPSS and AMOS statistics programs.

Findings – As a result of the data analyses and tests of hypotheses conducted in this study, it has been empirically proven that supply chain agility and collaborative advantage in supply chain are indirectly and directly influenced by trust in the supply chain. These results are in accordance with the extant literature.

Discussion – Knowing the expectations of the customers is crucial for firms in today’s business environment. The reason for this is that firms need to manage external business processes in order not to be affected by uncertainty in customers’ needs. Therefore, the effects of supply chain management on firm performance have begun to be studied more in recent years. In other words, transformation of the agility into the capability or transformation of the trust into the collaborative advantage can help to explain the effects of these dimensions on the firm performance.