A Study on the Effect of Network Embeddedness on Collaboration and Performance in the Project Supply Chain: Focusing on Second-tier Suppliers

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Abstract The rapid trends toward outsourcing have created more complex and fragmented multi-tier supply chains for Engineering, Procurement & Construction (EPC) industry. Working with suppliers and sub-suppliers requires continuous integration activities during project execution. The purpose of this study is to identify the factors influencing the performances and relationship satisfaction of second-tier suppliers participating in the project-based supply chain. This study proposes the network embeddedness, collaboration, information-sharing and flexibility as antecedents variables, and collected the survey responses from the second-tier suppliers having experiences with complex projects. The statistical results indicate that the collaboration with supply chain leading firm and first-tier supplier has significant impact on the performances and relationship satisfaction of second-tier suppliers. It was also found that the information-sharing and flexibility influence the network embeddedness as well as collaboration, and that the embeddedness have significant impact on the collaboration.

Key Words: SCM, Network Embeddedness, Collaboration, Information Sharing, Flexibility