CHAPTER II:

LITERATURE REVIEW

Chapter II: Literature Review

2.0 Introduction

This chapter provides the theoretical background for the research by reviewing the relevant alignment literature and by presenting the theory of Supply chain orientation

This Chapter is divided into two major subsections. The first subs ectionpresents relevant literature, focusing on the Supply chain orientation

2.1 Strategic orientation

Strategic orientation is the strategic directions implemented by a firm to create the proper behaviors for the continuous superior performance of the business It reflects a firm's perspective or the way of how to do the business; onother hand it is the firm philosophy about the business (Mu & Di Benedetto,2011).

Strategic orientation is critical to the management of the firms since it helps a firm determine the "focus of value creation, and how valueis to become a resource from which to develop and adapt products" (Kim et al., 2013). There exist different strategic orientations that reflect the focus of the firm's value creating activities and prior research suggests that market and Supply chain orientations are two important ones (J. Mu et a2016). Despite of previous studies have tested how strategic orientation can be aligned with factors either outside the firm or inside the firm to obtain superior performance, but limited research has focused on both external factors and internal factors that affect strategic orientation on performance.

Narver and Slater (1990) discuss that strategic orientation as an critical component of profitability for both manufacturing and service Companies, such that an orientation influences business, While (Hsu and Keah, 2016) argue that strategic orientation refers to "how an organization uses strategy to adapt and/or change aspects of its environment for a more favorable alignment. In other words, it is "how an organization uses strategy to adapt or change aspects of its environment for a more favorable alignment" (Manu and Sriram, 1996).Strategic orientation is also known as strategic fit

Therefore the Organizational alignment can be achieved through the right strategic orientation so that "it reflect the competitive strategy implemented by a firm to create adapted performance .

2.1.1 Strategic Supply chain Management

Supply chain is now the field for competition for business globally and domestically which is lead the firm's to depend on supply strategy as cornerstone for strategic supply management and always should be integrated in the business strategy, and it should be based on the firm's objectives and strategic principles (Lintukangas., Kähkönen and Tuppura, 2013)therefore supply chains need to take a strategic approach toward relationship and capability building if they are to remain competitive in what is now a dynamic global market (Ketchen and Hult, 2007) although The origins of strategic supply chain management were founded in the1970s, where (Geoffrion and Graves (1974, p. 822) developed a distribution model, long before supply chain management was invented however limitedly integrated with supply chain practices and business strategy.(Fandel, and Stammen,2004).

Thus supply chain strategy can conceptualize as relate the supply strategy to the integration of supply activities within firms, in dyadic relationships, in chains of firms, and in interorganizational networks (Al-Shboul et al,2017).

Strategic supply managemen tIts more emphasizing on relationship with supplier &customers management .In addition to oriented Supply chain looking for long-term relationships and communication. Buyer's customer responsiveness indicators are considered as performance constructs. As mentioned the constituents for the strategy were derived from consideration of Little's law in a supply chain context.(Morita et al., 2015) argued thatSCO needs to be a kind of culture, a system of knowledge in the firm, rather than a specific course of action. They are also expected to secure the linkage between business strategy and manufacturing, which has abig agendum in management, by facilitating the alignment of the product ,marketing or operation with the supply process. The failure to secure the linkage mostly comes from a failure in coordination(Morita et al., 2015) .

Numerous studies within supply chain and purchasing literature point out that the strategic importance of supplier relationship and supplier management have grown in prominence due to supply and purchasing becoming more strategic in nature (Cucchiella, Federica, and Massimo, 2006). Firms that have long-term orientation and consider purchasing to be strategic are more likely to build long-term cooperative relationships with their key suppliers/buyers (Carr & Pearson, 1999). A cooperative or close relationship refers to the process o f working together, over an extended period of time, for the benefit o f both firms (Cooper &Ellram,1993).

According to Chatzoglou et al. (2011), strategy is best specified as a multifaceted construct consisting of different orientations. This way, business strategy is viewed in terms of the relative emphasis placed by the organization, along each underlying dimension or subset of dimensions of the SO, rather than across various strategic classifications (Morgan and Strong, 2003; Lukas et al., 2001). Aiming to arrive at a set of operational indicators for the dimensions of the "SO of business enterprises" construct, proposed a six-dimensional model of SO: aggressiveness, analysis, defensiveness, futurity, proactiveness and riskiness. (Lukas et al., 2001).

Strategic supply chain management is the long-term part of supply chain management, where the product program and supply chain network are determined (Fleischmann et al., 2000). As a component of strategic planning, strategic supply chain management is focused towards the goals and tasks of company policy. The main goal of strategic supply chain management is to achieve profit optimization. The alignment of company activities towards customers is also of great importance. (Fandel, and Stammen 2004,p.294)

2.2 Supply Chain Orientation (SCO)

In this context the concept of supply chain orientation (SCO) was introduced in 2001 by Mentzer et al..since that SCO construct has been a topic of discussion that assure the strategic awareness and encirclement of SCM, and is still continuing (Defee et al., 2009; Esper et al., 2010; Hult et al., 2008; Mello and Stank, 2005; Mentzer et al., 2001; Minet al., 2007; Min and Mentzer, 2004).

SCO has been acknowledged as a vital antecedent of SCM philosophy (Esper*et al.,* 2010). as SCM philosophy SCO also assert that all employees need to adopt a specific set of supply chain behaviours which includes trust, commitment, cooperative norms, organisational capability and top management support to facilitate relational exchange.(Lynch,2015)

Another point of view by (Esper, et al., 2010; Sheth, Sharma, and Gopalkrishnan, 2009).said that SCO has to be an organizational capability that engenders organizational performance. However, some researchers have warned that it is imperative to integrate the upstream (purchasing) and downstream (marketing) processes in the supply chain however The nature of SCO involves making a strategic choice for competing on the basis of the firm's supply chain capabilities (Stank, Davis & Fugate, 2005).

As such, SCO has predominantly been identified as a shared recognition, mind-set, or commitment that prompts an organization and/or individuals within an organization to take a systemic perspective on the coordination of business processes within and across supply chain members (Stank, Davis & Fugate, 2005).shared organizational perspective is assumed to guide the behavior of actors in the management of the supplychain (Boettger,2009; Overby& Min, 2001; Patel, Azadegan &Ellram, 2013), such that there is a general disposition toward cross-functional coordination,and widely held firm values

Mentzer et al. (2001) define SCO in their fundamental conceptual article as "the recognition by an organization of the systemic, strategic implications of the tactical activities involved in managing the various flows in supply chains

Thus the distinguish between SCO and SCM, which they appear as the implementation of SCO. Min *et al.* (2007) suggest differentiating between "a supply chain orientation (SCO) within a firmand Supply Chain Management (SCM) across firms within a supply chain, both of which are operationalizations of SCM philosophy" (Min *et al.*, 2007, p. 508).

The concept was Continuously develop by Defee *et al.* (2009), who added the downstream perspective by the upstream aspect, including forward and reverse flows from the supplier to the customer". Esper*et al.* (2010) conceptually extend SCO by including its organizational (structural) preconditions (organizational design, human resources, information technology and organizational measurement), claiming that this perspective isa crucial complement to consider SCO components as universal .Hult*et al.* (2008),confirmed the importance of the perception of the supply chain as general: "a supply chain orientation is defined as the extent to which there is a tendency among chain members toward viewing the supply chain as an interrelated and integrated entity.(Hult*et al.*, 2008, p. 527).

Mello and Stank (2008) contend that using SCO and SCM as manifestations of culture versus managerial philosophy can resulting in two important benefits. The First, acknowledging that the guidelines governing supply chain behaviors must filter down through all levels of the firm promises to enhance application of SCO and SCM. Second, adoption of a viewpoint portraying SCO and SCM as widening from corporate and organizational culture to become as behavioral antecedents of SCM. Thus SCO goes beyond the organizational level, and often has been associated with mind-set change. For a firm to move from a traditional view of SCM to SCO requires ‘episodic change’ and (Omar *et al,*.2012). The supply chain orientation of firm– measures the extent to which users believe that an understanding of the players, relationships, and processes in the user’s firm’s supply chain is important (Frederick Hong-kit Yim et al 2013).

Therefore, if supply chain members clearly perceived the concept of supply chains and their organization’s basic role in the supply chain, clearly they will internalize Systems, Techniques to coordinate and harmonize operations among member firms with the objective of adding value for the supply chain network (Asare et al., 2011; Gundlach et al., 2006), resulting in greater values and benefits among firms.

Supply chain oriented organizations should behave differently to firms that are not inclined to place strategic emphasis on supply chain management. Accordingly, (Min and Mentzer,2004) connote that a SCO enhance peoples in firm to act in a way that manages flows from supplier to customer , take a systems approach to viewing the supply chain comprehensively rather than as constituent parts, and seek synchronization and convergence of intrafirm and interfirm operational and strategic capabilities. Though the above definitions of SCO are seemingly broad enough to include the management of the “various flows” in Though strong supply chain orientation, involving alignment of suppliers, employees and partners to execute its core supply chain practices.(Charan,2012), also There is an argument that SCO has to be as business model which requires a focus on finding fit the right strategy for the business environment (e.g. strategic fit), structure (e.g. top management support) and behavioural aspects (e.g. trust and commitment) (Esper*et al.,* 2010).The development of SCO continued and the latest theoretical extensions to the original SCO by (e.g. Jüttner and Christopher 2013; Sridhanan, Caines, and Patterson 2005; Kotzab et al. 2011).

Thus SCO has become viewed mainly from two perspectives strategic and structural perspectives. The strategic SCO paradigm builds on the original conceptualization of the construct, where SCO was conceived as a philosophy focused on the implications of managing supply chain flows (Mentzer, 2001).Therefore referring back to mentioned discussion SCO perspectives will be adopted in the conceptual framework of this study from the perspective above.

2.2.1 SCO Strategic Perspective

The nature of this perspective involves making a strategic choice to compete on the basis of supply chain capabilities (Defee and Stank, 2005) and utilizing this strategic emphasis to drive the performance of strategic business units within the firm

Strategic SCO conceptualized in previous work through an emphasis on the importance of strategic direction in managing supply chains(Esper, Defee and Mentzer 2010). Strategic SCO is integrating an SCM philosophy into the firm's strategy development, and reflects the extent to which top managers' decisions and strategic direction incorporate an SCM philosophy(Patel, Azadegan, and Ellram 2013)

The firm strategy considered asbasic requirements for Succession of business because strategic directives strongly influence a firm's resource allocations. In the reality strategy adds value through the alignment and direction that it provides to firm resources and capabilities (Hult et al., 2008). A well-defined and specific strategy allows the firm to quickly determine the strategic response to changes in the external environment, thereby enhancing its performance (Stank, Davis, & Fugate, 2005; Slone et al., 2007; Ashenbaum,et al, 2009). By incorporating an SCM philosophy in the firm's strategic objectives and executive decisions, strategic SCO provides a more feasible set of strategic options to mitigate challenges in its operating environment (Kaufmann, Michel, & Carter, 2009). This increases the firm's viable choices in the face of environmental threats and opportunities. In turn, an increase in options allows the firm to more effectively utilize its resources in meeting customer needs and to thereby improve its performance.

The strategic SCO perspective involves encouraging firm personnel to act in amanner that manages flows from supplier to customer, taking a systems approach to viewing the supply chain holistically rather than as constituent parts, and seeking integration, synchronization and convergence of intra- and inter-firm operational and strategic capabilities (Esper, Defee and Mentzer, 2010).

2.2.2 Structural perspective

SCO from structural perspective focusing on organizational practices that facilitate supply chain management.(Gligor, 2014)SCO include building and maintaining internal behavioral elements that facilitate relational exchange.

Structural SCO also involve operational-level behaviors and actions of the firm that reflect the SCM philosophy, as embodied through strategic SCO. Operating levels consist of the firm's functional and business units(Floyd&Lane, 2000; Janowicz-Panjaitan &Noorderhaven, 2009). Structural SCO is appearance in behaviors that reflect benevolence, embrace cooperative norms, and demonstrate credible commitment towards its supply chain partners.

Structural SCO is embodied in the behavioral norms and interactions among the firm's operating units and with its supply chain members (Min,Mentzer, & Ladd, 2007; Defee, Esper, &Mollenkopf, 2009). Indicators of structural SCO include the firm's concern for the welfare of other supply chain members(benevolence), truthfulness and openness in its interactions with suppliers (credibility), and willingness to collaborate for mutual benefit in its interactions (cooperative norms) (Mello and Stank, 2005).

(SCO)which requires a shift from functional to process thinking (Mentzer et al., 2001). We regard SCO as a first step (and a prerequisite) towards SCM and that all actors involved in SCM must have a SCO, which is summarized in three main characteristics;

1. The supply chain members should have to adopt systems approach and considering the supply chain as a whole.
2. The cooperative efforts by the supply chain members should synchronise and converge operational as such strategic capabilities into a unified whole.
3. Customer value focusing based in order to create customer satisfaction.

According to this perspective, a supply chain-oriented firm not only places strategic emphasis on systemic, integrated SCM, but also aligns this strategic thrust with an organizational structure that capitalizes on this strategy the assert that SCO is an internal business concept, where firms operate in a supply chain environment within the global market. Hence, in order to effectively operate in this environment, an appropriate strategy-structure fit is required(Esper, Defee and Mentzer, 2010,p. 164).

Another aspect (Lusch,Vargo, and Tanniru 2010)Value networks share the SCO's system view because they emphasize the interaction of social and economic partners value propositions supply chains are proposed to be interrelated within the larger and more encompassing value networks (Lusch, Vargo, and Tanniru 2010). generally, an SCO thus represents an alignment of the SCM and marketing philosophies

2.2.3 SCO Definition

The implementation by an organization of the systemic, strategic implications of the tactical activities involved in managing the various flows in a supply chain Min and Mentzer (2004).

Mentzer et al. (2001,p.11)defining SCO as ‘the recognition by an organisation of the systemic, strategic implications of the tactical activities involved in managing the various flows in a supply chain. Most of the previous Studies treated SCO as Min and Mentzer (2004),Defined it, the table

Table (2-1) Supply chain definition

Author	Definition
Mentzer et al. (2001).	the recognition by an organization of the systemic, strategic implications of the tactical activities involved in managing the various flows in supply chains
Hult et al., 2008,	the extent to which there is a predisposition among chain members toward viewing the supply chain as an integrated entity.
. Esper et al. (2010)	including its organizational (“structural”) preconditions (organizational design, human resources, information technology and organizational measurement),
Min and Mentzer (2004)	the implementation by an organization of the systemic, strategic implications of the tactical activities involved in managing the various flows in a supply chain (p. 63).
Lambert and Pohlen (2001)	Supply chain orientation is a contextual factor influencing SCM practices.
Bullinger et al. (2002)	A set of business attributes, versus an overarching management philosophy.
McAfee et al. (2002)	SCO is a cultural phenomenon, manifested through the structural elements of organizational policies and procedures
per se, Trent (2004)	SCO as an intra-firm structural management approach that facilitates effective SCM through emphasis on the behaviors, systems, and cultures necessary for integrated supply chain exchange.
Hult et al. (2008)	the extent to which there is a predisposition among chain members toward

	viewing the supply chain as an integrated entity
Esper et al. (2010) conceptually	organizational ("structural") preconditions (organizational design, human resources, information technology and organizational measurement)
Mio Čević And Dedi Ć (2012)	recognition by a company of systematic, strategic implications of the activities and processes involved in managing the various flows in supply chain
Frederick Hong-kit Yim et al.(2013)	The degree to which an individual understands the supply chain management context
Patel, Azadega and Ellram (2013)	Implementation of the SCM philosophy
Thornton,Esper and W. Autry(2016)	"the recognition by an organization of the systemic, strategic implications of the tactical activities in managing the various flows in a supply chain
Lee and Nam (2016)	recognition by a company of systematic, strategic implications of the activities and processes involved in managing the various flows in supply chain

Many empirical studies proposed and tested dimensions of SCO: (trust credibility and benevolence, commitment, cooperative norms, organizational compatibility, and top management support) (Morgan, Richey, Autry, 2016;Patel, Azadegan and Ellarm, 2013; Min et al., 2007). This operationalization undoubtedly enhanced our understanding of SCO by focusing on cultural elements of relations with supply chain partners (Min and Mentzer, 2004, p. 65). However, companies' orientation toward a SCM's fundamental concept – process – has not been studied sufficiently. (Chen, Tian, and Daugherty (2009)

The measurement of SCO is still evolving, as is the definition of SCO. (Min and Mentzer (2004) and Hult*et al.* 2008;Defee 2010).provide important pillar in this. Although Hult*et al.* (2008) also identify six – but very different – sub-dimensions of SCO, which they label as customer orientation, competitor orientation, supplier orientation, logistics orientation, operations orientation and value-chain coordination, The importance of these constructs in business relationships was confirmed in most previous studies, therefore this Study adoptsix sub-dimensions to measure SCO: strategic SCO (compatibility, topmanagement support ,commitment) structural SCO (cooperative norms ,benevolence, credibility).

Table 2.2

Conclusion of supply chain orientation dimensions :

Dimensions	**Author**													
	Esper,Defee and Mentzer 2010	chulze-Ehlers,et al 2014	Kabiraj 2012	Tinney 2012	Miocevic and Karanovic 2012	Boettger, Julie Ann 2009	Tucker 2011	Lynch 2015	Woo 2010	Defee and Fugate2010	Chen Tian and Daugherty2009	Mio ČEVIĆ and DEDIC2012	Lee and Nam 2016	Mark
Trust	√			√		√		√	√	√	√			7
Commitment	√			√	√	√	√	√	√	√	√	√		10
organizational compatibility	√			√	√	√	√		√	√	√	√		9
cooperative norms	√			√	√	√	√	√	√	√	√	√		10
top management support	√			√	√	√	√	√	√	√	√	√		10
Credibility				√	√		√		√	√	√	√		7
Benevolence				√	√		√		√	√	√	√		7
Cooperation		√						√						2
Common goal		√												1
Change								√						1
Leadership								√						1
Confidence								√						1
Capability								√						1
Market Orientation			√											1
Management of Inter Firm			√											1

Relationship														
Personal Selling Orientation			√											1
Production Orientation			√											1
Purchasing Orientation			√											1
interdependence						√								1

Source: by researcher from the previous studies 2017

With refer to the above review of literature that studied supply chain orientation it can be concluded that SCO (Strategic, structural,) construct from six dimensions as mentioned above. also most of the studies appear in the above table most of the previous studies agreed that Supply chain orientation generally construct from six dimension . strategic Supply chain orientation (top management support, compatibility and commitment) , structural supply chain orientation (cooperative norms, Benevolence and credibility).

2.3.1 Significance of SCO

As previously mentioned, SCO encourages agreed upon objectives across employees in all units within the organization. Shared objectives allow employees to pursue the same targets performance of objective. As employees realize they are interacting and working toward the same goal, a social exchange relationship will develop. the ongoing interactions within a balanced social exchange relationship will result in reciprocal behaviors between employees

2.3.2 SCO Characteristics

Thornton, Esper and Autry(2016) mentioned SCO has predominantly been characterized as a shared recognition, mindset, or commitment that prompts an organization and/or individuals within an organization to take a systemic perspective on the coordination of business processes within and across supply chain members (Chen, Tian, and Daugherty, 2009)SCO is a relational oriented concept that emphasizes a firm's relations with its supply chain partners As suggested by (Mentzer et al. 2001), a SCO must be developed in two directions, both upstream and downstream, and requires implementation across several firms directly connected in a supply chain., supply chains are systems in that they contain inter-related organizations (Gundlach et al., 2006; Lambert et al., 2005), have hierarchies, are goal oriented, and have a series of processes (Burgess et al., 2006) transforming inputs and producing outputs SCO emphasizes the strategic awareness and embracing of supply chain management within an individual firm. SCO emerges as a necessary antecedent to effective supply chain management (Gligor. 2014)0

Later empirical studies proposed and tested dimensions of SCO: (trust credibility and benevolence), commitment, cooperative norms, organizational compatibility, and top management support (Min and Mentzer, 2004; Min et al., 2007). This operationalization certainly enhanced our understanding of SCO by focusing on "cultural elements of relations with supply chain partners" (Min and Mentzer, 2004, p. 65). This is reflected in Min and Mentzer's later empirical operationalization of SCO, which mainly focused on supply chain relational aspects.(Chen., Tian.,and Daugherty, 2009)

2.2.2 Organizational Compatibility

The concept of compatibility remains little-developed. Therefore the argument not closed about this concept, although authors have many perspectives which view compatibility within buyer-seller exchange, like: Cultural compatibility has been identified within the study of cultural distance in buyer-seller relationships (Trimarchi, Liesch and Tamaschke, 2010). With implicit reference to buyer-seller compatibility, Wilson (1995) refer to the importance of shared values. The study of shared values in buyer-seller relationships includes such factors as the common beliefs of each interacting party with respect to the importance of factors including policies, goals and behaviours

compatibility define as the degree to which using an innovation is perceived to be consistent with existing socio-cultural values and beliefs, as well as past and present experiences and needs of the potential adopters.

Extant literature views inter-organisational compatibility as a multi-dimensional factor composed of value compatibility (suitability of an innovation with the norms and value of the potential adopters) and practical compatibility (suitability of the innovation with the current practices of the adopters) (Bunker et al., 2007). Linking alignment and compatibility between organizations (Rajaguru and Matanda, 2010).

Consequently Supply chain partners must align regarding their business culture, operating philosophies, goals, and objectives in order to be effective (Boettger 2009). As Hong-kit Yim, Forman and kwa,(2013)noted that it would be hard to align a firm with a top-down management philosophy with one that had a bottom-up management style. Hence goals and business models must designed to be aligned with on mutual objectives of partners. In general compatibility consist of people, technology, processes, and standards among supply chain partners, which enables them to work smoothly together (KnoppenandChristiaanse., 2007).Interestingly, the usefulness of a "common language" is often emphasized to be independent of the organizational affiliation of the workers (Oliva, and Watson, 2011).Thus, partner compatibility within the supply chain will enable effective communication andthe reduction of transaction costs, and may even lead supplier firms to coordinate product development or manufacturing processes with the partners (Rosenzweig et al., 2003). In other words, the establishment of a "common language" within the supply chain network will enable the supply chain to work more efficiently and smoothly

2.2.3 Top Management Support

Strategic supply management it seem like a valuable resource because they enable supply management professionals to obtain and interpret valuable supply trends information and to put them into action concerning, which would lead to better supply decisions. Therefore the capacity of a firm's to adapt to the environment is vital for avoiding decline and strategic erosion (Teece, 2002) on the one hand, and a key for fostering growth and viability on the other(Carmel, Jone and Binyamin 2016).

Top management support is essential for setting up vision and goal, for cross-functional training, integration of departments within the organization and vendor development for a responsive supply chain (K. Sing, 2013).and Both customer orientation and service excellence focus are important parts of successful managers' organizational cultures that can be reinforced by top management support. Top management must play a critical role in the utilization of these basic operant resources like customer orientation and service culture. The stronger the role of top management, the more likely these resources will be utilized appropriately (Richey Jr. et al., 2011). Therefore Top management commitment is a key enabler for effective supply chain management (Sandberg and Abrahamsson, 2010).

In addition they enable supply management to establish close relationships where appropriate with suppliers to improve the quality and delivery of materials to customers (Eltantawy, 2008). Therefore The importance of top management support for successful SCM implementation has for a long time been recognized in the SCM literature (Gibson et al., 2005; Lambert and Cooper, 2000; Moberg et al., 2003;Slone et al., 2007). The need for top management support is also well established among practitioners. (Sandberg and Abrahamsson, 2009) mentioned that top management plays a vital role as a facilitator and driver for change.It is argued that top management should function as a driver for an SCM-friendly culture in the company along with proper measurement that facilitates SCM initiatives (Matchette and Lewinski, 2005). Here, for instance investments in training and education is an important issue for top management to encourage and amplify (Moberg et al., 2003).

Burt's (1978) study of long-range planning that increasing top management involvement was associated with superior results. (Lengnick-Hall,Lengnick-Hall and Rigsbe, 2013) note that the success of strategic planning in general depends almost wholly on the willingness and ability of senior managers to conceptualize strategy and make appropriate strategic decisions. (Forman,1988) also posited that the major function o f the top management executives is to influence the setting of organizational values and to develop suitable management styles.

The importance of top management's role is heavily emphasized in the supplier chain literature(Sandberg and Abrahamsson, 2010. Ganesan and Saumen, 2005, Shin et al., 2000). Top-level managers will have a better understanding of the need of supply chain because they are the most cognizant of the firm's strategic imperatives to remain competitive in the market place (Hahn et al., 1990).

Monczka et al. (1993) note that top management must commit the time, personnel and financial resources to support the suppliers who are willing to be a long-term partner of the company through supplier development. Top management must initiate the supplier development programs (Krause and Ellram, 1997).

The importance of top management in making strategic decisions and navigating the organization through an ever-dynamic environment is anchored in strategic leadership or upper echelon research (Finkelstein, Hambrick, &Cannella, 2009). Through strategic decision-making, top management shape the orientation, structure, and context of the organization, thereby influencing the type and the sequence of responses to changes in the task environment, and by extension the organizational outcomes (Carmel, Jone and Binyamin, 2016).Thus, top management must be aware of the competitive benefits that can be derived through the firm's orientation from effective supply relationships.

2.2.4 Commitment

Relationships between buyers and major product suppliers seem particularly conducive to developing strong affective influences. These relationships often consist of significant social interactions, personal involvement, and interdependence commitment is central to all of the relational exchanges between the firm and its various partners (G. Kwon,2004) Commitment is the important variable in the partner relationship and measurement for the relationship in the future (Wonglorsaichon, 2002). It is the desire to continue the relationship and to work to ensure its continuance. Commitment also implies that the relationship will bring future value and benefit to the relationship, as well

Commitment demonstrates that the partner's ultimate goal is to make the relationship work. There is usually an element of reciprocity with commitment (Tera watanavong, Whitwell and Eding,2007). supply chain and marketing literature identify predictors of relationship success. Through the general agreement that communication between the partners leads to increased trust and commitment (Ambrose, Marshall,Lynch, 2010; Anderson and Weitz, 1992) and that trust and commitment lead to increased satisfaction and relationship success (Mohr and Spekman, 1994; Benton and Maloni, 2005; Palmatier et al., 2007). It has also been found that increased communication leads directly to increased performance and satisfaction.

among the authors of the organizational relationship(e.g.Gruen, Summers and Acito 2000) examined how commitment to a members' association led to favorable member behaviors, including participation and coproduction in member services. Along these same lines, we examine the influence of commitment on favorable buyer (customer) purchase behaviors (Madupalli,Pannirselvam and Williams, 2014;A. Stanko, Bonner and Calantone,2007;Khan, Liang, and Sumaira, 2015).

In the Relationship literature, commitment has conceptualized by various perspectives which led to different conceptual definitions of the commitment: Table(2.3)

Author	Definition
Kirchoff , Tate , A Mollenkopf, 2016	A desire to develop a stable relationship, a willingness to make short-term sacrifices to maintain the relationship, and a confidence in the stability of the relationship
(Gundlach, Achrol, &Mentzer, 1995)	Enduring intentions to develop and maintain a stable, long-term relationship
(Morgan, &Hunt, 1994).	An exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it; that is the committed party believes the relationship is worth working on to ensure that it endures indefinitely define commitment to the relationship as “an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it
Chaudhry, Saini 2014	psychological state that characterizes an employee’s relationship with an organization and has implications for the decision to continue membership of the organization

The above table (1-2) show the different aspects of Commitment Definition

2.2.5 Benevolence

Benevolence, which reflects one party’s concerns for the outcomes received by another party in the relationship(Wang, 2006) .Mentzer et al. (2001) Benevolence is described in a number of research studies as the belief that a firm’s supply chain partners are involved in and responsible for the actions necessary to create a successfully-run organization(Wang, 2006). A supply chain partner’s willingness to accept the possibility of short-run risks is another aspect of a firm’s belief of a supply chain partner’s benevolence (Anderson and Weitz, 1992).

Lastly, according to (Anderson and Narus,1990), a supply chain partner "will not take unexpected actions that would have a negative impact on the firm." Benevolence can also be attained by grading the past performance of a supply chain partner. According to (Ganesan,1994), a firm's satisfaction with past outcomes is positively related to the perception of a supply chain partner's benevolence. The means by which a supply chain partner earns benevolence is a factor in earning the trust of the firm with whom they are working (Lindskold, 1978). Ultimately, the trust achieved between two organizations will produce a positive working relationship between both the firm and the supply chain partner as well as generate profitable results for both organizations

Jin Lee, et al(2004) recognized that benevolence plays an important role in assessing trust, there are several definitions of benevolence in business relationships exchange partner's benevolence toward another generates several positive outcomes in the relationship. Benevolence creates trust in the relationship by signaling the benevolent firm's intention to care for the well-being of its partners.

benevolence may have a stronger effect on relationship performance in mature relationships than in newer ones. This is because benevolence in mature relationships is likely to be more fully appreciated and reciprocated, thereby enhancing relationship performance.
In newer relationships, the value of benevolence is less likely to be fully materialized because mutual trust has yet to reach productive levels (Hibbard, Brunel, Dant, and Iacobucci 2001). A review of benevolence definitions indicates that there are two different types of benevolence depending on the underlying motive, namely, mutualistic and altruistic benevolence.

Mutualistic benevolence: defined the degree to which one party is genuinely interested in the other's well being and seeks joint gain" (Doney and Cannon ,1997. p. 36).
Altruistic benevolence: defined the extent to which a trustee is believedto want to do good to the trustor, aside from an egocentric motive" (Doney and Cannon (1997) p. 718). Another point of view reveal that components of benevolence – affective, calculative, and normative benevolence – each having different antecedents arising from the other firm's behaviors and having different impacts on attitudes towards the other firm. The categorization of benevolence into three components arises from distinct reasons for benevolence. Benevolence

may be based on emotions, cognitive evaluations, or institutions (Wang, 2006; Hosmer, 1995).

2.2.6 Cooperative Norms

Cooperation has played a crucial part in the evolution of mankind (Schonmann& Boyd, 2015). According to (Verbrugge,2016) cooperation is the core of human effort. This is linked to reciprocity. There fore,an organization is generally seen as a whole of cooperative ties. According to (Morieux, 2015) but cooperation might be hard to clearly separate the formal from the informal cooperation, differences exist. Mostly, it is the reason behind cooperation that can have determinative effects on the outcome (Verbrugge, 2016).

Cooperative norms refer to the perception of joint efforts of supply chain members to work toward mutual goals (Kirchoff, Late and Mollenkopf, 2016). (Knoppen, and Christiaanse, 2007) describe cooperative norms as "the reflection of expectations between two parties when working together to achieve mutual and individual goals jointly in other word its shared beliefs and expectations of cooperation between two parties. Such norms essentially prescribe stewardship behaviors that serve to enhance the well-being of the relationship. Also The concept of cooperative norms is another behavioral element discussed by (Mentzer et al.,2001). These expected patterns of behavior provide a framework for procedural guidelines for how the organizations will work together toward a common goal in the future (Yong Eng,2005). Cooperative norms are integral in creating working procedures for how organizations will manage problems as well as how they will share rewards. Establishing these cooperative norms relieves the potential for risk when building a relationship between supply chain partners.

The concept of norms has been view from two main perspectives :

1) Norms that contain expectations about individualistic or competitive interaction between parties
2) Norms that based on expectations of mutual interests. (Caiand Yang, 2008)

Another perspective by (Boettger, 2009) discussed cooperative norms from perspective of The ability to easily share information due to modern technology fostered the thought that organizations could work collaboratively (Bowersox et al.,2003)

However cooperative norms has been considered, as a major component of relational capital, could foster cooperative behaviors, such as flexibility, solidarity, and information exchange

(Griffith and Myers, 2006),In other words, cooperative norms help to establish inter-organizational mechanisms that promote resource exchanges. Moreover Cooperative norms often establish the basis of relational ties between actors. Such ties tend to be established between two parties when they govern transactions through repeat dealing, shared values, and a lack of third party sanctions (Zhou et al., 2008). Relational ties are thus considered to be typically characterized by cooperative norms shared by exchange partners(Cai and Yang , 2008)

2.2.7 Credibility

Credibility as a multidimensional concept and some authors argue that credibility is overlapped with of trust when total view and may be regarded as a "subclass of trust because it comprises the perceiver's assessment of the communicator's relevant knowledge, honesty and positive intentions towards the perceiver (Simons 2002: 22) Credibility reflects the extent to which a firm believes their partners relationship has the expertise to perform effectively. Herbig &Milewicz (1995:7) contended that credibility is the "believability of an organisation's intentions at a particular moment in time". (Ganesan, 1994) in other hand firm's belief that its partner stands by its word, fulfills promised role obligations, and is sincere" (Min &Mentzer 2004, p. 65). Credibility as one of the two dimensions of trust that captures an organization's perception of an exchange partner's reliability and competence (Robinson 2014)

2.4.0 Business Adaptiveness

Miles, et al,1978) sustained that organizational adaptation is a topic that has received only limited and fragmented theoretical treatment. They further argue that anyattempt to examine organizational adaptation is difficult. But recently Increased attention has been paid to the importance of adaptability in firm success and survival, by scrutinizing the different dimensions of the concept and their relation to firm innovativeness(Koller (2016), p.838).

Businesses operating in highly uncertain business environments which is characterized by short product life cycles, fast changing technologies, rapid changes in the marketplace and uncertain economic and political situations(Vakratsas& Ma, 2009).the ability of an organization to adapt to changing market dynamics can be considered a dynamic capability in itself From a capability perspective which is propose dynamic capability as firm ability of integrate, build and reconfigure internal and external competencies (Teece, 1997).therefore its imply firm adaptiveness in terms of firm ability to change its resource allocation and operational routines to match the changing environment) (Mohsen and Yong Eng, 2016) recent view by (Ahmed and Wang, 2007) described adaptiveness as one of key components of dynamic capability (adaptive capability, innovative capability, absorptive capability).

Dixon, Meyer and Day (2014, p.198) mentioned that a firm can create dynamic capabilities in 'organizational adaptation' by acquiring existing knowledge from outside of the firm and exploiting and deploying it to create new operational capabilities. On the other hand the organization that "best leverages these adaptive dynamic capabilities will secure a temporary competitive advantage, superior performing among competitors.however(Teece, Pisano and Shuen, (1997, p.516) articulated that its prerequisite for firms to adapt resources, capabilities and competencies in line with changing conditions and that it was the firm's ability to integrate, build, and reconfigure internal and external competencies to address changing environments" that interpret the variations in inter-firm performance also.(Gibson and Birkishaw,2004) argue that adaptability develop through the creation of a specific kind of organization context at the business-unit level. Moreover (Koller.,2016;Garg et al. 2003; Hamel and Prahalad, 1994) see that in fast-changing environments adaptive companies simultaneously scan their immediate environment (i.e. customers, competitors and technology) and their internal organizational capabilities associated with innovation, in order to achieve their congruence. Indeed, when the rate of change in customer groups and preferences is rapid, organizations are likely to be forced to change their products and services and to create "new competitive space" .nevertheless that some authors(Akgün1, et al 2013) argue that adaptability is a management position that should be the role model for the actions and adaptiveness. Indeed, when the environmental threat becomes overwhelming, people look at management to centralize authority and take action. This effect is particularly true when people feel they lack adequate resources or structure to address the threat.

In addition to that adaptability is a continuous rather than a dichotomous construct, indicating that firms can develop and maintain different Styles , models and degrees of adaptability, which will may related with varying performance implications(Oktemgil and Greenley, 1997)

Tuomine, Rajal and Moller.(2004) postulates that adaptability is composed of the following three mutually interrelated stages (transition phases): (1) state of adaptation or a storage of organizational 'slack, (2) process of adaptation, and (3) adaptive ability shaped by a firm's organizational capacity, A state of adaptation is a situation in which a firm achieves a fit with its environment, followed by a process of adaptation during which the firm generates more organizational 'slack' for managing misfits or achieving a better fit. This slack is based on a firm's adaptive ability in terms of human, technological, informational, and financial resources. (Tuomine, Rajal and Moller,2004). also Angle and Perry (1981) say that adaptability resides in different abilities: the ability to anticipate problems, the ability to keep up with changes and new ways of doing things, the ability to adjust to changes quickly, and the ability to cope with uncertainty and crisis (Salmones, Z. Yin, 2014) as well (Rahimić,and Kozo,2009) Saied to externally induced changes in the environment a completely new strategic direction and complete redesign of the organizational structure, processes and culture of the company may be demanded.

Therefore based on above discussion firm adaptiveness has been taken from different perspectives such (Weick, 1990) who reveal three types of adaptability include experimentation (actions that untangle causality), collective judgment (agreement on preferences), and preservation of dissent (the retention of multiple understandings and minority influence).(Angle and Perry,1981) used three dimensions for adaptiveness (anticipate problems, keep up with changes in equipment and ways of doing things, adjust quickly to changes, and cope with emergency situations) also (Heskett, 1992) described adaptiveness by (value customers, employees, shareholders, and people/processes) moreover (M. Tuominen et al.,2004)defined adaptability as: technology mode, market focus, and organizational design, (Strempek, 1997)adaptiveness can be determined by (Cultural values of innovation and action orientation).

Salmones and Z. Yin (2014) The concept of organizational adaptation, which is rooted in contingency theory and emerged in the early 1960s, addresses the organization–environment interface and the fit between an organization's external environment and its internal organizational structure (Sánchez et al., 2011). In other words, adaptability is the organization´s capacity for internal change in response to external conditions,(Panomjerasawat, Jhundra-indra, Muenthaisong,2014)On the other hand, according to the contingency theory, the context of organizational structure function is simultaneously determined by a variety of factors that include endogenous and exogenous factors such as business strategy, environmental uncertainty, stakeholders, and competitors (Anderson & Young, 1997). Typically, there is no one best way to deal with an organization. However, the contingency theory proposes that the effectiveness of firm is based on capability of firm to adapt to the internal and external environments (Shahzad, Shahid and aslamet al., 2013).More recently, the attempts to clarify and utilize adaptability have continued. (Kotter andHeskett,1992) measured adaptability by asking financial analysts to evaluate the extent to which firms value customers, employees, shareholders, and people/processes that create useful change.

Rahimić., Kozo (2009)where companies try to minimize the impacts of changes, through the adjustment strategies companies seek to optimally adapt to dynamic changes in the environment in order to optimally use the situation. There is no resistance in the company in relation to the changes. In the adjustment to externally induced changes in the environment a completely new strategic direction and complete redesign of the organizational structure, processes and culture of the company may be demanded.

Therefore Managers are assumed to consciously modify the alignment of the firm to its environment in the form of adapting technology, organizational structure, marketing and business processes.(Shahzad, Shahid and aslam,2013). The higher the environmental complexity that can be handled by a firm, the higher is the level of its adaptability and the better the chances of its long-term survival (Tuomine, Rajal and Moller, 2004)

Table 2.4: summary of adaptiveness definitions

Author	Definition
Denison and Mishra, 1995.	adaptability is the organization's capacity to engage in internal change in response to external conditions
Child, 1972; Miles et al., 1978	adaptability is the ability to adjust to changes in the external environment in order to maintainorganizational viability
Manuel Ramón TejeiroKoller 2016	the ability to anticipate problems, to keep up with changes and consider new ways of doing things, the ability to adjust to changes quickly and the ability to cope with crises adaptability is the capacity to adjust to changes in the external environment so as to maintain organizational viability
Gibson And Birkinshaw 2004	the capacity to reconfigure activities in the business unit quickly to meet changing de mands in the task environment.
Tuomine et al	firm's ability to identify and capitalize emerging market and technology

2004	opportunities which, in turn, implies changes in a firm's strategic posture
Oktemgil &Greenley, 1997	the ability to diagnose emerging market opportunities and act on them
Lau RSM(1996)	firm's ability to respond to uncertainties by adjusting its objectives with the support of its superior knowledge and capabilities
Verbrugge, 2016	defined as "a firm's capacity to sense and respond to environmental changes in a relatively quick and flexible way.
Ivanov et al., 2010,	define adaptability as the disposition of a company to structurally transform a SC, or a certain part of it, according to changing requirements far from its current operational state. Additionally, adaptability might require to be "capable of rapid evolution
Carmeli, Jones and Binyamin, 2016	Strategic adaptability refers to the organization's capacity to respond proactively and adapt to market changes to achieve strategic fit
Toni, and Tonchi, 2005	the firm's ability to adopt to large environmental changes, which have an important impact on the firm's performance
Polat, and Akgün, 2015	adaptability is an ability to identify and capitalize growing market and technology opportunities by the company

From the above table scholars in the area of strategy provide many definition and concepts for adaptiveness they are implies adaptiveness from its definition. As Singh et al (2013, p. 185) explains "A self-organizing system is able to respond to changes in the environment by self-induced changes in its organization and this re-organization is a continuous process of system evolution."

As shown above, organization who wish to be adaptive need to be aligned with its surroundings. Through self-organization more power is distributed to the people who are in direct contact with the environment (Reeves & Deimler, 2011). Which can lead to faster reactions to changes in the environment, and thus, adaptiveness. The following section discuss the strategic adaptiveness.

2.4.1 Strategic adaptiveness

Adaptability focuses on proactive behaviours, rather than simply being limited in a conceptual sense to reactive behaviours. Thus, strategic adaptability is regarded as a source of competitiveness and success, As a consequence, strategic flexibility considered both asthe speed at which competitive priorities can be varied, and the speed of shifting from one business to another.

The capacity of a firm's management to adapt to the environment is vital for avoiding decline (Weitzel & Jonsson, 1989) and strategic erosion (Teece, 2002) on the one hand, and a key for fostering growth and viability on the other cited in (Carmeli, Jones and Binyamin, 2016) However, many organizations struggle to change and adapt to their environments, thereby failing to create environmental fit (Beer, 2003). According to (Miles and Snow,1994), failure to adapt to the external environment means that an organization provides inappropriate responses, which results in a misfit between the firm and its environment as well as misalignment between organizational goals and strategies and organizational structure (Carmeli, Jones and Binyamin,2016) also the level of strategic adaptability is related to the environment vitality When the environmental changes are slow, incremental or predictable, the responses of the firm can be reactive, ad-hoc or based on long-range planning, respectively. However, if the environmental turbulence is swift, unpredictable and novel, the appropriate strategic behavior should be what has been termed the "strategic management" mode (Ansoff and McDonnell, 1988). In this mode, a firm's response to disruptions in the environment is optimal. Viewed in this light, strategic adaptation is the process by which a firm optimizes its response to significant environmental discontinuities. Such discontinuities, from the perspective of this view, strategic adaptiveness have three characteristics: rapidity, novelty and unpredictability, and great magnitude in terms of their impact. A firm that optimizes its strategic behavior in the face of such significant environmental disruptions tends toperform better and is said to possess superior adaptation abilities.**(**Eunni,2003)

More important things Efficient alignment of the "internal interdependencies, or "inner structuration," enhances the ability of a firm to support such strategic behavior. Effective alignment of the firm with the external environment, or "outer structuration," is essential to respond optimally to environmental changes(Child,1997).

Viewed from this perspective, strategic adaptation can be conceptualized as consisting of two types of coherence or adaptability:

a) The alignment among the strategy, structure and culture within the organization which shapes intra-firm competitiveness and enhances the firm's ability to position itself relative to market opportunities, and

b) The alignment of the organization as a whole with the external environment, which orchestrates inter-firm competitiveness and increases the firm's ability to respond tothreats and new condition Strategic adaptation thus emerges as a concept with two dimensions: the ability to achieve congruence or fit among its various internal structures and processes in order to position itself better in relation to market opportunities or what may be termed as "internal adaptability," and the ability to establish fit between the organization and the environment to be able respond optimally to environmental challenges or what may be called "external alignment(Salmones, 2014). thus Strategic adaptability allows a firm to support the development of future manufacturing strategies, and these enableit to react swiftly to the changing nature of internal and environmental conditions Not only, but world-class manufacturing firms also can influence market demand, creating uncertainties or customer expectations that competitors cannot deal with(Toni and Tonchia, (2005). Therefore strategic adaptiveness is one of business adaptiveness dimensions which adopted by this study.

2.4.2 Marketing adaptiveness

Adaptability has been broadly accepted as a main factor to respond to environmental change, which provides contribution to achievement and survival of organizations when they face marketing competition (Li, Su & Liu, 2010). adaptability is related to several functional areas such as operations, management-maintaining excess capacity, flexible manufacturing equipment processes, management having a decentralized decision-making system, strategic management-strategic adaptability, overcoming inertia, marketing-participation in multiple product markets, . In addition, flexibility is defined in diverse literature and in specific ways (Rubin & Martin, 1994).. This ability of firms responds to the changing of the environment in current markets that are hypercompetitive and fast-moving (Grewal&Tansuhaj, 2001). Likewise, (Buckley & Casson (1998) indicate that marketing flexibility also enhances the ability of an organization to rearrange resources quickly in response to change in Customer needs that continually growing and changing in excessive competitive environment. Firms should sense and respond these market changes much more quickly than competitors to create competitive advantage (Roberts and Grover, 2012).

Adaptive marketing encompassed many forms such as the implementing new ideas, modifying an existing product attributes to meet changes in customer demand, amending or developing existing products and services to enter new markets (Lu et al., 2009). Adaptive marketing capabilities manifested as firm's ability to identify and capitalize on emerging market opportunities, and the development of adaptive capability is often accompanied by the evolution of organizational forms (Polat, and Akgün, 2015;Wang and Ahmed,2007). Adaptive marketing capabilities not only allows organizations to meet current demand by using existing sources, it also lets them to quickly adapt to changing environment Adaptive marketing capabilities is based on marketing activities and speed for responding to product/market opportunities , moreover as marketing capabilities improve, firms require building more interaction with the outside environment in order to acquire significant information and employ it to offer unique value-added products, superior quality, and innovative features to the customer. In particular, the contact between an organization and its customers is a great opportunity to learn more about the need and behavior of customers and to build and maintain the relationship with them. As such, the firm's contact with a customer tends to provide this information which is product and service quality for responding to customer needs.(Panomjerasawat, Jhundra-indra, Muenthaisong,2014)

In sum the marketing adaptiveness According to marketing the adaptability system model represents the main feature of participative marketing model that link to three elements, including adaptability of participation, adaptability of interaction, and adaptability of execution. In addition marketing flexibility allows interaction with employees, customers, suppliers and other stakeholders within specifics determined by a company's (Gurau,2009).thus based on the previous research work marketing adaptiveness considered as one of business adaptiveness Construct.

2.4.3 Operational adaptiveness

Manufacturers are now operating as a connection point in a network of suppliers, customers, and other specialized functions. Independent companies usually work in a split pattern in such a complex network which surrounded by changed environmental condition, This implies that the change in the environment can cause a wave of change through the whole of the organization. This is logical as the adaptation process has to be supported by management and carried out by lower-level (Katzenbach& Khan, 2010), are able to process information quickly and come up with corresponding actions. In short, adaptive companies find a way to effectively deploy their greatest resources, the members of the organizations (Reeves & Deimler, 2011).

Though manufacturing flexibility has been touted as an important dimension of firm strategy, a formal analysis of flexibility adoption under competition in a realistic scenario where demand is uncertain is nonexistent Moreover, it has been argued in much of literature that flexibility is a strategic competitive weapon implying that flexibility is a universal best response against (flexible) competition. (Goyal, 2005)

The concept of "operational adaptiveness" is broader than that of manufacturing flexibility, taking in all the operations(design, purchasing, distribution, marketing, services, etc.), not only the manufacturing. However, in the literature the term "manufacturing flexibility" is often used to refer to all the operations that concur to manufacture a product Furthermore, internal uncertainty is not independent of external uncertainty; it is sufficient to mention supply and integration with the suppliers: the uncertainty of the supply (external) also has consequences on the uncertainty of operations within the firm (in terms of quantity and quality of the materials to be processed).Newman et al. (1993) define manufacturing adaptability as a fundamental instrument for dealing with firm uncertainty.

Therefore, operational flexibility refers to the managerial capabilities that can be set up quickly in order to provide a rapid response to environmental changes that are familiar or routine in an organization (Alolayyan, Ali and Idris, 2011,p.207).

To work effectively, operational flexibility depends on the ability to meet sudden unexpected changes, especially in input or operation process to maintain output quality level and have an alternative solution or plan in forecasting the changes which may happen, such as employees having high skills and experience, or alternative suppliers with the same level of quality of raw materials.(Alolayyan, Ali and Idris, 2011,p.208).

Internal sources of variability are related to product and process design, management, organizational climate and culture and category variability stemming from inter-organizational friction between partners in a value chain. While internal variability comes from aspects of the organization, such as product or process design, organization structure or administrative procedures, (Harvey et al., 1997;Verdu-Jover et al.,2004) elaborated that external variability originates from the market and is driven by competition.

Table 2.4 summary of operational adaptiveness definitions

Author	Definition
Tonia and Tonchi 2005	the ability to interchange ordering of operations on a part
Chodmm, Rudi and Mieghem 2010	the ability to adapt to change and may take many forms
Purwant, Kamaruddi and Mohama, 2014	product flexibility, machine flexibility, volume flexibility, routing flexibility, and labor flexibility.
Balal 2011	as extent to which the manufacturing firms are successful in responding over time to changing external environmental conditions in relation to those of its competitors in respect of successful new products, product differentiation, first to market with new applications,and time to market for new products
Rosenzwieg and Roth, 2003	A manufacturer's capability to adjust or modify the operational processes to speedily accommodate changes

2.5 Value Co-creation

In the emerging economy, the traditional value creation strategy for innovative product development is losing its effectiveness. (Taghizadeh, Jayaraman, and Abidur Rahman,2016).(Prahalad and Ramaswamy,2001) identified the consumer as value co-creator is a new source of competitive advantages. Value co-creation is indeed a business and innovation paradigm, which describes how consumers interact with firms as an active player (Tanev,2011). It challenges the conventional value creation process through enabling the consumer to personalize its products and services (Lusch and Vargo, 2008), which has been seen as a shift from product-and-firm-centric views to customize consumer experiences Value in business markets can be defined as the trade-off between the multiple benefits and sacrifices of a supplier's offering, as perceived by key decision makers in the organization, and taking into consideration the available alternative (Ulaga and Chacour, 2001, p. 530).

Value is in its basic capacity a judgment in which perceived benefits are traded off against perceived sacrifices (Payne and Holt, 1999). Also central in the definition is the subjective dimension of individual perceptions making up value. Furthermore value is relative (Holbrook, 1994), in the definition above against competing offers and specific use situations. Value co-creation (VCC) concept which is deeply immersed in the service dominant-logic literature also supports similar understanding is based on the relational view, and attempts at championing the concept of joint value creation

Chakraborty, Bhattacharya, and Dobrzykowskic, (2014) argued that essentially value is not created but co-created. Thus VCC concept finds it's parallel and converges with the relational view in terms of inter-firm rent generation arguing that relational rents accrue at the collaboration level for mutual benefits.

Yang(1999) have noted that businesses should consider the customer as thefocal point in order to perform better in this dynamic environment. Today's customers have concepts of value that go beyond some combination of quality and price. Delivering customer value implies that the firms need to know the future customer needs and preferences and focus their competitive priorities accordingly (Hoekstra, Leeflang, &Wittink, 1999). By making customers the central focus, it is also crucial that the various departments and supply partners are integrated intimately and managed strategically.

Also, aligning the operations with customer needs will lead to improved business performance as well as a satisfied customer (Yang, 1999; Tan et al., 1999).Therefore; customer focus is hypothesized to have positive impact on strategic purchasing, supply management and ultimately customer-oriented performance.

What is the value for customers in a business-to-business context?

In the literature on value creation and co-creation, value is often discussed on a philosophical level. In the most frequently usedapproach, value is a relationship between what one benefits and what one sacrifices (Fernández& Bonilla, 2007). On a general level, as a working definition, value for customers can bedescribed in the following way: Value for customers means that they,after having been assisted by the provision of resources or interactive processes, are or feel better off than before (Grönroos, 2008,p.303)

Athaide and Zhang (2011) Value co-creation as behavioral dimension reflects a collaborative development process. In contrast to traditional unilateral approaches, sellers and buyers engage in product co-design, product co-development, and joint problem solving (Sioukas, 1995). Although this represents a high degree of interdependency, the payoffs for such cooperation can be considerable. For sellers, co-development ensures the development of innovations that meet buyers' emerging needs (Athaide and Zhang, 2011). Buyers benefit by gaining access to new technologies ahead of their competitors and by actively shaping the product's performance characteristics.

Many studies have focused on customer's value co-creation process (Payne et al., 2008; Yi and Gong, 2013) and highlighted value co-creation should be the starting point for every organization (Grönroos and Voima, 2013). Scholars explain that the interaction between the firm and the consumer is the locus of value creation and value extraction (Prahalad and Ramaswamy, 2004) where value co-creation can satisfy the customers (Vega-Vazquez et al.,2013).considering such an approach, firms are now co-creating values with consumers in various manners, notably,customer participative chain, and form the co-development of new service and product, to production, assembly line,delivery, marketing, after sales service and usage (Zhang and Chen, 2008).

Payne et al.'s (2008, p. 84) definition of processes, these actions include the procedures, tasks, activities and interactions which support the co-creation of value". Both in the B2C(Pera, Occhiocupo and Clarke, 2016) and theB2B contexts value co-creation occurs through dyadic collaborative interactive processes, where consumers exert a considerable influence on the formulation of the value proposition through the negotiation nd the contribution of their own resources, and ultimately "adopting the roles of co-diagnosers, co-designers, co-producers, and co-implementors" In business-to-business contexts, the support of a supplier will always have some effect on the economic result of the customer's business. The profitability of a business is dependent on how well the firm's various practices (order making, storing, producing, maintaining, paying, having mistakes corrected, etc.) function not only in termsof operational efficiency but also in terms of business effectiveness (Aarikka-Stenroos&Jaakkola, 2012, p. 23).

Ngugi, Johnsen and Erde´lyi, (2010) An enhanced understanding of relationship value is important for managers involved in business relationships. In a complex and dynamic environment, the inability to see the value of a relationship and the value created in a relationship can lead to lost business opportunities. Value is dynamic, changes over time, and is subjective (Kähkönen,Lintukangas and Hallikas, 2015). Perceived value in a business relationship is the difference between perceived benefits and perceived sacrifices (Forsstro¨m, 2005). For customers, the value gained from the relationship can therefore be seen as the trade-off between benefits and sacrifices in long-term relationships with suppliers. Value may be created in various ways. According to (Gulati et al., 2000), value maybe created through access to valuable information, markets and technologies, enhanced transaction efficiency and improved coordination between firms.

Table 2.5 summary of value co-creation definitions

author	definition
Sidhartha, Narain and Kapil (2016)	Participation of both client and supplier for individual or mutual benefits(p. 2)
Ramaswamy And Ozcan, 2015).	Participation of both client and supplier for individual or mutual benefits
Terblanche (2014)	Co-creation of value “means that value is not created by the firm and transferred to the customer during the transaction, but rather is jointly created by the customer and the supplier during consumption.” (p. 2)
Gronroos and Voima (2013)	refers to customers’ creation of value-in-use where co-creation is a function of interaction.”
Lambert and Enz (2012)	Value co-creation is an economic and social process in which individuals have established roles that condition their behaviors and perceptions.” (p. 1590)
Lambert &Enz (2012, p.1601)	as a three phase cycle comprised of (1) joint crafting of value propositions, (2) value actualisation (3)
Grönroos (2011)	firm's value co-creation can be characterized as joint value creation with the customers…. Co-creation of value can take place only if interactions between the firm and the customer occur. If there are no direct interactions, no value co-creation is possible.” (p. 290)

2.5.1 Value co-creation perspectives

Various perspectives have been considered by authors to study value co-creation. The different perspectives outlined are: marketing perspective ,(Witell et al., 2011, Salloum et al., 2014) Service logic and Service Dominant Logic(Tronvoll and Gruber, 2011; Vargo, 2008; Ferguson, Paulin and Bergeron , 2010) Innovation and New Product Development perspective (Romero and Molina, 2009; Tanev, Knudsen and Gerstlberger, 2009; Nambisan, 2009; Bowonder et al.,2010; O’Hern and Rindfleisch 2010).Also The dyadic perspective on collaborative value co-creation from the buyer’s and the seller’s point of view (Aarikka and Jaakkola, 2012), dual perspective (Sidhartha, Narain and Kapil,2016).

Early research identifies two types of customer value co-creation behavior: customer participation behavior, which refers to required (in-role) behavior necessary for successful value co-creation, and customer citizenship behavior, which is voluntary (extra-role) behavior that provides extraordinary value to the firm but is not necessarily required for value co-creation (Yi, , and Gong, 2013).

Customers roles in creating value

Agrawal, Rahman (2015) identified four roles of customers: resource, worker (co-producer), buyer and beneficiary (user). On similar lines, roles of customers were classified under three categories by

(Bitner et al. ,1997): (1) productive resource (2) contributor to service quality and satisfaction, and (3) competitor. Customers are reservoirs of various operand and operant resources that can be actively used to create value. These resources are differentiated into social, cultural and personal resources .Triadic relationships feature relational links between the parties in terms of social interaction, trust and commitment (Havila,Johanson, &Thilenius, 2004),

As (Ballantyne and Varey,2006,p 336) suggest, there arethree important relational elements behind value co-creation:

1) relating, to give structural support for the creation and application of knowledge resources
2) 2) communicating, “interaction to develop these relationships
3) knowing, “knowledge needed to improve the customer service experience, especially when co-created through dialogue and learning together.

In the process of relating, the parties are able to enhance their own identities and to adapt to support the cooperative relationship by changing their ways of doing things to build and maintain the relationship (McColl-Kennedy, et al, 2012), and thereby, to co-create value. “Relationships can provide structural support that is useful for sustaining value-creating activities(Nätti et al. (2014:1-8). Communication is a requires of learn in different forms and through different channels communication happen., however, is a tricky question in the context of value co-creation, where it is no longer a one directional concept, but should involve all parties in a constant dialogue and common sense-making activity to support value co-creation(Nätti et al. , 2014)

Knowledge renewal is one thing all parties can aim for, focusing on knowledge generation and application as co-creation activity. Tacit and explicit aspects of knowledge should also be taken into consideration (Ballantyne &Varey, 2006).

2.6.0 Locus of Interaction

Relational norms are widely recognized as buyer–supplier relationship practices and have attracted much attention from researchers (Hernández-Espallardo and Arcas-Lario, 2003). economic interests while ignoring the other side's feeling, the use of non-coercive power can avoid the over-rigid shortcomings of coercive power and can actively inspire the partners to work together for their common interests. Furthermore, the use of non-coercive power supports the transfer and sharing of information, special skills and so on, which will deepen both sides' communication and understanding, effectively reduce conflict, and increase satisfaction and the willingness to cooperate further (Gaski, 1984; Skinner et al., 1992). Thus, the use of non-coercive power is an attractive option for both sides.

Recent studies argue that superior value creation extends beyond the boundaries of one organization and involves collaborative practices with suppliers (Revilla, Knoppen, 2015;Priem and Swink, 2012).Ongoing interaction processes between two businesses across their boundaries play an important role in how mutual adaptations are initiated and carried out, and interaction in business relationships thus stands as the central business process.

Guercini et al (2014) has been argued that developing continuous close relationships between businesses is a way of coping with interdependences ; at the same time, it helps businesses to stabilize their context and make it more manageable(Fligstein, 2001). This need for more or less continuous adaptations makes interaction in business relationships to a central business process because combining and interfacing resources and linking and configuring the activities of the two businesses on which the economic outcomes of business relationships depend, require extensive interaction (Håkansson et al., 2009).

Interaction in business relationships can be analyzed by examining the overall pattern of interaction between the two businesses in its various layers, such as resources, activities, and actors (Håkansson et al.,2009).Two or more strategies are simultaneously and correspondingly used within the same interfirm interactions (Kim, Lee, and Lee, 201;). Evidently both coercive and non-coercive(locus f interaction) influence strategies need investigation, regarding their impact on innovation adoption behaviors of partners (Iyer, 2001).

Lengnick-Hall (1998) argued that effective communication interaction between supply chain partners can create trust and resources that will lead to competitive advantage, and eventually to improved performance. Numerous articles also point to the importance of communication in elimination of waste as well as in increasing of supplier's performance (Lamming, 1996; Krause, 1999; Lewis, 2000). Therefore, , expecting communication to have positive effects on time-based performance measures(Faisal,2010)To create sustainable competitive advantage, it is recognized that long-term and highly collaborative win-win ways of working which are normally based on trust and transparency – have to be created between all participants in the supply chain. This approach is sometimes referred to as partnering or alliancing (Cox et al., 2007).

2.7. The relationship between Supply chain orientation and business adaptiveness

Concerning business adaptiveness, a handful of empirical research in supply chain orientation have emphasized that the role of such orientation on different type of business performance such as organizational performance, competitive advantages, operational, marketing relationship, effectiveness and efficiency. Therefore supply chain orientation can be viewed as a philosophical culture that puts the buyer-seller relationship at the centre of the firm's strategic or operational thinking" (Sin et al. 2005). Early previous work have also stressed the cultural domain of relationship. (Wilson,1995) concluded that "implementation of relationships requires changes in corporate culture and reward systems to reinforce the behaviours that generate trust, mutual goals and adaptation.

SCO can be viewed as a cultural strategic capability because of its ability to create socially complex, difficult to imitate networks which allow firms the opportunity to involve members of their supply chain in collaborative relationships (Mello and Stank, 2005). These properties allow firms to expand initiatives throughout the supply chain where they are more effective than internally-centered practices, and have greater potential to improve performance (Bowen *et al*., 2001; Klassen and Johnson, 2004; Vachon and Klassen, 2006;Vachon and Klassen, 2008).

2.7.1Strategic SCO and Strategic adaptiveness

Some recent studies aim to reveal how decision makers use collaboration to enable their firms to combine and configure resources across organisational boundaries (Allred et al., 2011;Rodriguez,Diaz and Rodriguez, 2006; Vivek et al., 2009).

(Alinaghian,2012;Gibson et al., 2009) noted that companies developing both internal and external (e.g. cross organisational) capabilities in order to differentiate world class supply chain organisations from the rest of the pack. The most frequently described internal capabilities were supply chain orientation (characterised by top management support and a willingness to invest) and agility (characterised by learning and continuous improvement). These internal capabilities formed the foundation for top performance, but the best organisations were also found to possess one or more capabilities that cut across and involved multiple organisations working together to create and maintain a competitive advantage

(Defee and Fugate, 2010). While some capabilities may deal specifically with adaptation, learning, and change processes.

Trust manifested in (benevolence and credibility) is almost seen as the fuel of the adaptive organization, as it is one of the few ways to incorporate change in people (Van Den Broeck and Bouckenooghe, 2011). And although, there is no question about its importance, trust can never directly affect adaptiveness. Subsequently, it has an indirect effect, thus, trust can be seen as a strengthener of the informal organization. As previously discussed, the informal organization is "the networks of relationships" (Vega-Redondo, 2008) and no relationship can truly exist without trust.

2.7.2 Strategic SCO and Operational Adaptiveness

A dynamic, competitive environment requires companies quickly react to the external change, depending on their strategic orientation (supply chain orientation) as such toward change. Therefore companies with high supply chain orientation tend to be more adaptive and innovative (Vicari, 2006). In addition, Strategic orientation as a strategic choice may provide a source that helps firms to build dynamic capabilities in fast changing environments (Zhou &Li, 2007). As the focus shifts from single firm resources and capabilities to its supply chain, it comes to including multiple companies. In this view realizing new cross-organizational supply chain capabilities becomes the new challenge to compete with a more responsive, adaptive, agile and better performing supply chain. when companies act individually, and have not yet developed a supply chain orientation strategy. They realize that their processes are no more consistent with the external environment and they become conscious of the need of a specific change in their strategy and processes (Gligor,2014).

(Patel et al. 2013; Elmuti, 2002) stated that SCO is positively associated with operational and firm performance. Firm that recognize the strategic importance of managing their supply chains can achieve superior operational efficiencies by integrating their operations with those of their supply chain members Such integration can facilitate the identification of redundant aspects of their interfirm operations. (Patel et al. 2013). Reveal out that SCO is positively associated with operational performance .Firm that recognize the strategic importance of managing their supply chains can achieve superior operational efficiencies by integrating their operations with those of their supply chain members (Gligor,2014).

2.7.3 Strategic Supply chain orientation and marketing adaptiveness

(Menon, AdwaitaGovind, 2008) argues that reconfiguration as a capability has been connected to the appropriateness, timeliness (Zott,andChristoph, 2003) and efficiency by which existing resources are re-shaped by business and supply chain operatives into new operational competencies (Kogut, Bruce, and Zander, 1992). Complementary to this process, especially in changing markets, moreover The collaborative relationship which is considered as capability reflects in an organisational stance which refers to the coordination between units and departments. SCM with its cross-disciplinary nature can potentially be structured into different internal departments, such as distribution, logistics, manufacturing and/or procurement (Storey et al., 2006).

(Martin, James and Grbac, 2003) discussed that Effective supply chain management (SCM)As a consequence of the supply chain orientation can improve a firm's performance through several means including building strong relationships that enhance a firm's ability to respond to its customers more effectively. Developing a stronger orientation can improve a firm's performance because the firm is focusing its efforts on responding and adapting to its market's needs more effectively than its competitors are adapting to the market's needs.

2.8.1Structural SCO and strategic Adaptiveness

The literature indicates that varying types and natures of supply chain relationships, such as coordinating, cooperating, partnering and collaborating within supply chains affects supply chain relationships, particularly, the range of intra and inter organisational competence and dynamic.(Alinaghian,2012) In sum, implementing supply chain management entails extending the behavioral guidelines of internal firm SCO externally to key firms in the supply chain to improve the competitiveness of each firm and the supply chain as a whole (Mello and Stank, 2005).

Verbrugge(2016) suggested that informal cooperation is spontaneous. also(Smith, Carroll, & Ashford,1995) describe it as follows: "Informal cooperation involves adaptable arrangements in which behavioral norms rather than contractual obligations determine the contributions of parties.” Furthermore, in the informal organization people are related by more than what is formally stipulated. They share stories, opinions and experiences, all creating behavioral norms (Gibson, 2001). (Schonmann & Boyd, 2015) indicates that Informal cooperation can potentially lead to better organizational performance (Smith, Carroll, & Ashford, 1995). (Colizzi&Hogeweg, 2016, p. 6) Other benefits of cooperation encompasses: “fast cycle time of product to market, improved quality, high-quality decision making, improved competitiveness” (Smith, Carroll, & Ashford, 1995, p. 17).All these benefits attribute to the success and adaptiveness of the organization. Although cooperation will mostly generate adaptiveness indirectly. Since, it is strongly connected to the other powers of the informal organization. Above it was established that collective intelligence benefits from high levels of cooperation (Singh, Singh, &Pande, 2013; Morieux, 2015). Self-organization is also positively influenced by cooperation. As shown by (Smith et al., 1995): If work is accomplished in a fluid, ever changing pattern of relationships that cut across functional, hierarchical, and national boundaries, high levels of cooperation may allow for an efficient and harmonious combination of the parts leading to high performance.” Indeed, self-organization and cooperation can cause more efficiency. As people who work together generally use less resources in everything Even improvisation benefits from cooperation (Morieux, 2013).

Furthermore, adaptability defined as the ability to adjust supply chain's design to meet structural changes in markets. According to this definition, an adaptable supply chain monitors economies all over the world to spot new supply bases and markets, uses intermediaries to develop fresh suppliers. Accordingly, the configuration dimensions adopted facilitating dynamic capabilities (i.e. network structure, operations flow, network governance and products/services architecture).

2.8.2 Structural SCO and Operational Adaptiveness

Frazier et al, (1988)argue that SCO is a necessary prerequisite of operational fitting, collaboration, and Establishing the organizational relationships between partners to attain system and operational therefore Adopting a Supply Chain Orientation reducing redundancies in the supply chain (Min &Mentzer, 2004) and instead to utilize the existing resources of each supply chain partner, thus facilitating the accessing routines and practices between supply chain members. This way requires firm to create and maintain top management support, trust, commitment, cooperative norms, dependence, and organizational compatibility. which is representing supply chain orientation dimensions, this behavioral component allow relationships to be collaborative and effective (Mentzer, 2004) thus A more efficient use of the resources over the supply chain, which implies leveraging on separated external dynamic capabilities among the partners that form of supply chain requires a supportive organizational culture oriented to share information, join resources which lead to more aligned and innovative operational (Barratt, 2004; Zamboni, 2011). the relationship approach which this study adopted can be viewed as a philosophical culture that puts the buyer-seller relationship at the centre of the firm's strategic or operational thinking" (Sin et al. 2005) subsequently, Cooperative and collaborative relations represent interesting opportunities for companies to better respond to the ever-changing need in term of operations or markets.(Zamboni,2011).

2.8.3Structural Supply chain orientation and marketing adaptiveness

Drawing on the resource-based view (Hult, et al.,2002) mentioned that a culture as an intangible strategic resource that can be developed by interaction and cooperation among supply chain members consequently Culture provides supply chain members with a pattern of shared values and beliefs that assert the importance of certain elements (and omit others) and drive the chain's approach to the marketplace. on the other hand, In a level of supply chain operations when combining tangible and intangible resources to meet changing market demand (Hult et al., 2007).(Menon, Adwaita and Govind,2008) argues that reconfiguration as a capability has been connected to the appropriateness responsiveness (Zott, and Christoph, 2003) and efficiency by which existing resources are re-shaped by business and supply chain operatives into new operational competencies therefore Supply chains seeking to improve outcomes from innovating need to possess the ability to adopt and implement the innovation across key supply chain operatives and customers. thus structural SCO(Cooperative norms, Benevolence, Credibility) as an internal culture can contribute to market adaptability by supporting internal culture of partnership through different kind of response.

2.9. Strategic SCO and Structural SCO

A number of studies have tested and revealed the benefit of Supply chain management on performance(operational, flexibility, response, competitive advantages.) while the Supply chain orientation and adaptiveness scarcely tested afew authors focused on this relationship (Gligor, 2014, Patel, Azadegan, &Ellram, 2013). In addition to (Wadhawa &ROA, 2003) contend that organization not operates in isolation and accordingly flexibility and adaptability appear as a feature of collaboration such as supply chain orientation. In addition to (Christopher,2000) contends that agility as a "business-wide capability" encompasses structures, information systems, logistics and mindsets. Moreover (Min, Mentzer, &Ladd (2007).successful creation of SCO requires a high degree of fit between organisations' structure and strategy. The structural perspective involves building and maintaining internal behavioural elements that facilitate relational exchange. The collaborative relationship dimension reflects an organisational stance and refers to the coordination between units and departments. SCM with its cross-disciplinary nature can potentially be structured into different internal departments, such as distribution, logistics, manufacturing and/or procurement (Storey et al. 2006) cited in (Jüttner & Christopher ,2013) Such a focus on firm strategy is required because strategic directives strongly influence a firm's resource allocations (Hult et al., 2008)strategic supply chain and relationship orientation results in improved coordination of tasks or activities between buyer and supplier firms (De Toni &Nassimbeni, 1999). Such an orientation enables exchange partners to develop greater confidence in one another, display cooperative and trusting behaviors, and this in order to accomplish mutual goals., supply chain partners who adopt a long-term orientation are able to synergistically combine their resources and capabilities in order to develop a stronger basis for strategic advantage (e.g., Shan et al., 1994; Madhok,2002).

2.10 The mediating role of Structural SCO on the relationship between Strategic SCO and Business adaptiveness

The mediation role of structural SCO has been rarely tested in previous although such studies confirmed that structural SCO mediate the relationship between Strategic SCO and operational Adaptiveness (Acar, et al., 2017) discovered that SCO has a positive impact on the relationship between ERP practices and operational performance within the context of the manufacturing sector. Besides , (Patel, Azadegan, &Ellram, 2013) have also pointed out that structural SCO is only positively related to operational performance. Strategic SCO indirectly affects both operational and customer-focused performance through structural SCO and this mediation effect is strengthened at high levels of dynamism.

Structural SCO has become the most pivotal factor for manufacturers to become successful in operation, structural SCO and top management, was critical to effective implementation of the company executives' strategic decisions manifested by SCO. Without implementing strategic decisions made by top management, people in the executive level would have not been properly executed or it would not make an impact in business in terms of business alignment and reducing disruption (Patel, Azadegan, and Ellram, 2013). Credibility can be antecedents of cooperative behavior among the partner's organizations and crucial elements to assure efficiency, productivity, effectiveness, and long-term relationships (Morgan &Hunt, 1994; Yurt, 2007). Many authors have confirmed its positive effect as a mediator (Min et al. 2007; Su and Yang,2010); Patel, Azadegan, and Ellram , 2013; Acar, et al,2017)

2.11 Supply chain orientation and value co-creation

Tseng andchiang (2015) foundthat organizational culture integrate individual abilities into the organization's knowledge through learning, knowledge creation and the robust organizational culture strengthens inter-organizational cooperation, synchronizes the goals of an organization and its members, and inspires for work hard (Davis, Wang, &Lindridge, 2008; Gupta, Iyer, & Aronson, 2000). Without a strong organizational culture, each functioning unit of an organization may provide different solutions for the same problem (Homburg & Jensen, 2007) and may cause wasted time and more misunderstandings (Kotter &Heskett, 1992). (Linderman, et al., 2003) found that a goal-oriented culture helps organizations improve performance. A strong organizational culture enhances cooperation across functional departments and increases the success of new products. (Tapscott& Williams, 2006) consider a good organizational culture essential for successful co-creation between enterprises and customers. (Schweisfurtha&Raasch, 2015).

Miocevic and Crnjak-Karanovic (2012) state that in supply chain orientation, the endorsement of both the supplier and customer's efforts in the value creation is required.

Adapting the scales of (Min andMentzer,2004), (Miocevic and Crnjak-Karanovic) present that credibility, benevolence, commitment, norms, compatibility and top management support constitute supply chain orientation. They found that supply chain orientation increase organizational buying effectiveness and supplier relationship management practices mediate the influence of orientation onbuying effectiveness (Kähkönen,,Lintukangas, Hallikas 2015). Satisfying customers through value creation helps a firm's bottom line (Cannon and Homburg 2001; Reichheld and Sasser 1990).

Hereby, we build on the notion that a business "must be oriented totally to 'finding needs and filling them' rather than to 'making products and selling them'" (Narver et al., 2004, p. 343) and argue that the strategic emphasis on social values complements the economic view on market orientation and likewise facilitates customer co-creation

2.11.1 The Relationship between value co-creation and strategic adaptiveness

There is little evidence and empirical tests justify the relationship between Value co-creation and strategic adaptiveness. (Martins, D. M. et al. 2017) stated, "the cooperation may represent a strategy for achieving organizational goals, due toits instrumental value, that is, consider the degree to which a given connection could contribute to the achievement of organizational goals." In context, that instrumental value is the degree to which a given connection could contribute to the achievementof organizational goals. Understanding of cooperation establishes the presumption of approaches of trust and commitmentas the background to an interorganizational relationship in the view of (Ellram,1991), a partnership, as in a cooperative, must be built on a strong commitment between the parties .It is feasible to assume that trust and commitment are positively associated, whereas trust is one assumption of the existence of commitment (Morgan & Hunt, 1994).and that trust and commitment lead to increased satisfaction and relationship success (Benton and Maloni, 2005; Ross et al., 1997; Palmatier et al., 2007),

2.11.2 The Relationship between value co-creation and operational adaptiveness

Consider the previous research a few numbers of studies linked value co-creation and business adaptiveness. where is argue that Value co-creation is indeed a business and alignment and adaptability paradigm, which describes how consumers interact with firms as an active player (Tanev,2011). the development of products or models (innovations) is commonly taking place through joint action between the supplier and customer in multifunctional teams (Moller and Torronen, 2003) that create new layers of value across organisations. Therefore, relationships with customers become more important as a source and support for small suppliers' innovations.

As (Thornke and Hippel, 2002) shows that the customer can be a source of innovation for a company. New business models such as build-to-order has emerged in which institutive customers is paramount (Holweg and Pil, 2001).

2.11.3 Value Co-Creation and marketing adaptiveness

Although previous customer interaction literature has emphasized the positive influence of customer insights on innovation-related outcomes, the degree of company-customer interactions remains often limited to the mere listening to the 'voice of the customer' (Griffin and Hauser, 1993). Since the associated need information still had to be translated into solution information by employees, we propose that also the immediate integration of customer into value creating processes enhances a firm's innovativeness. This argument is supported by (Witell et al. 2011, p. 152), who suggests that "active customers in the development process produce ideas that are significantly more innovative and adaptive than those generated through traditional market research techniques." The firm's increased innovativeness is grounded on complementary customer input (Lau, Tang, and Yam, 2010; Lane and Lubatkin, 1998) that differs from a firm's internal assets and increases the variety and diversity of knowledge leveraged in the innovation process (Cohen and Levinthal, 1990; Witell et al., 2011).

In sum The benefits have been associated with firms cultivating close relationshipsit's a variety, such as higher levels of partner trust and commitment (Autry and Golicic, 2010; Golicic and Mentzer, 2006), higher levels of customer retention, increased customer referrals (Knemeyer et al., 2003), and improved operational and market performance (Gligor, and Holcomb ,2013).

2.12 Value co-creation mediate the relationship between Structural SCO and business adaptiveness

Value co-creation in most studies has been tested as independent variable (Haro et al., 2014; Sánchez, and Mele,2010; Brünink, Leonine, 2013; Dong, et al., 2008) and also as dependent variable (Lee et al., 2012;Xia, Lan, and Rajneesh, 2014). A little is known about the mediating role of Value co-creation a few studies tested the value co-creation as mediator such (Gelhard et al., 2014; Ngo, Liem Viet, and O'cass, 2013) in this study value co-creation proposed to be a mediator . Customer participation allows firms to interact with customers to design offerings that meet unique and changing needs. Further, via supporting systems firms can help customers get more value out of their consumption experiences thereby increasing product performance outcomes (Liem Viet, and O'cass, 2013).

2.13 The moderating effect of locus of interaction

In the context of buyer–supplier relationships, the literature from the organizationalist perspective provides an understanding of the mechanism by which organization-level factors such as relational norms can curb opportunism in exchange relationships (e.g., Brown et al., 2000; Carson et al., 2006; Wathne and Heide, 2000). Independent of the organizationalist perspective, the perspective recenters the analytical lens on human agents in exchange relationships by focusing on how agent personal characteristics such as cooperativeness can influence behaviors in exchange relationships. (Rousseau, 1985).

Liu, Yi .,Tao, Lei., El-ansary, and Adel (2008) confirm that the relationship mechanism strengthening and govern the relationship between trust and value creation , also (Ireland and Webb,2007) the contend strategic supply chains increased efficiency and effectiveness with moderation of power (Ziggers and Jörg, 2016) as supply-base orientation refers to the degree to which a firm analyzes, plans, and controls interactions with suppliers the control of interaction is based on nature of relationship in term of contractual or non contractual (the governance power-corcievedor no corcieved (Corsten &Felde, 2005; Ivens, Vijver, &Vos, 2013; Pardo, Missirilian, Portier, & Salle, 2011;Rosenzweig, 2009). (Tongzon, Jose Chang, TaeLee, Yoon,2009) found that coercive power improve internal and supplier integration, but when trust is low, coercive power reduces internal integration.

2.14 Summary of the Chapter

A structured literature review of the research construct in general was undertaken in this chapter to define and conceptualize.

The preliminary part display the foundation and conceptualization of strategic supply chain. also, the chapter illustrates the supply chain orientation. The conceptualization of business adaptiveness constructs (strategic ,operational and marketing adaptiveness,) has also been present to reflect the concept. The chapter illustrates the relationship between constructs of the current study. In the final part, the chapter illustrates the moderating role of locus of interaction between structural supply chain orientation and business adaptiveness. The next chapter will focus on theory, conceptual framework , hypotheses development.