ORCHESTRATING RESOURCES WITH SUPPLIERS: THE NONLINEAR EFFECTS OF RESOURCE INTEGRATION AND LEARNING ORIENTATION ON PRODUCT INNOVATION (SUMMARY)

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SUMMARY

ORCHESTRATING RESOURCES WITH SUPPLIERS: THE NONLINEAR EFFECTS OF RESOURCE INTEGRATION AND LEARNING ORIENTATION ON PRODUCT INNOVATION

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Principal Topic

An extension of the resource-based view (RBV)—more recently referred to as resource orchestration—suggests that firms can be innovative when unique resources are effectively structured, bundled and leveraged. While the resource orchestration framework addresses some of the criticisms voiced against the traditional RBV—inter alia, a static approach on the stock of resources a firm controls—it still favors an inward-looking perspective by focusing on how resources are managed within a firm. This inward perspective runs the risk of providing a narrow understanding of how a firm can be innovative in today’s dynamic business environments where it needs to establish relationships with multiple external partners. In particular “resources provided by suppliers are essential to firms” and thus “the relationship between a firm and its suppliers is an essential component of managing resource flows” (Hitt, 2011:10).

We build on and extend the above resource orchestration literature by exploring the effect of resource integration with suppliers (RIS) on product innovation. Specifically, we argue that RIS is an important bundling mechanism to achieve product innovation. However, while moderate levels of RIS provides the potential for product innovation, the increased rigidity and path dependency that accompany high levels of RIS may undermine this potential. Thus, we propose an inverted U-shaped relationship between RIS and product innovation. Additionally, we argue that a firm’s learning orientation is vital to unlock and maximize the value of RIS for product innovation. Thus, we investigate the extent to which RIS promotes or constrains a firm’s product innovation, and how differences in firms’ learning orientation affects this relationship.

Method

We test our hypotheses on a random sample of manufacturing SMEs in Sweden. Survey data and secondary data are collected in two different points in time.

Implications

Our contribution is twofold. First, we contribute to the strategic management literature in a supply chain context by showing that RIS has an inverted U-shaped relationship with product innovation. Also, we demonstrate how coupling RIS with learning orientation can mitigate rigidities and lead to an exponential increase of product innovation. Second, this study offers additional support for the emerging logic of resource orchestration and extends RBV outside the firm’s internal resource portfolio.

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