

Moderating Effects of Environmental Uncertainty on Supply Chain Integration and Product Quality: An Empirical Study of Thai Automotive Industry

Abstract - Although effective and efficient supply chain management requires integrated business processes that go beyond purchasing and logistics activities, some doubts are expressed concerning the applicability of supply chain integration practices. Specifically, a careful literature search reveals that no studies have included the effect of environmental uncertainty on the relationship between supply chain integration and product quality. This study, therefore, represents an attempt to provide the contribution in the field by developing a model to explore the relationships and to fulfill the gap between the literature on supply chain integration and environmental uncertainty. The findings indicate that the effects of supply chain integration on product quality are moderated by environmental uncertainty as demonstrated by Chow tests. The results also provide managerial insights about environmental uncertainty-supply chain integration practices connection.

Keywords - Supply chain integration, Environmental uncertainty, Automotive industry, Thailand

In an increasingly competitive global marketplace, most firms are competing with a high level of market pressure worldwide. In the context of supply chain management, it is necessary for industry to develop supply chain networks of activities involved in producing and

delivering a final product from suppliers to end customers. However, effective and efficient supply chain management requires integrated business processes that go beyond purchasing and logistics activities. By integrating closely with suppliers and customers, firms can improve product quality in order to remain competitive. While supply chain integration is definitely crucial for supply chain management, some doubts are expressed concerning the applicability of supply chain integration practices. In particular, the literature in supply chain management pays little attention to environmental uncertainty-supply chain integration practices connection. Specifically, a careful literature search reveals that no studies have included the effect of environmental uncertainty on the relationship between supply chain integration and firm competitive capability, especially product quality. van Donk and van der Vaart (2005) also states that different

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