

Advancing Manufacturer Flexibility: Role of Communication Tactics and Social Means

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Abstract

This study explores the use of communication and social mechanisms by the manufacturer to achieve flexibility within the supply chain. Measures are used to validate and accept theory by employing PLS-SEM to analyze 300 survey samples from senior management at SMEs in Pakistan. Results validate that using influence strategies has positive effects on flexibility. Furthermore, requests made by a manufacturer to its supplier was significantly positive and measured. The effects of confidence building measures on combined vision is positively associated to manufacturer flexibility. Impact of trust on flexibility was also found to be positive, whereas trust positively promotes shared vision. Implications suggest that for the manufacturer to achieve flexibility, balancing social mechanisms is necessary.

Keywords: Influence Strategies, Social Mechanisms, Flexibility, SMEs, Supply Chain Collaborations

1. Introduction

The outcome of abrupt duties on a number of Chinese and American goods saw a rise in business risk which led to search for new vendors (Fujita, 2019). Maintenance of supply chain is a tactically important organizational capability. As suggested by the research on production systems, elasticity is complex, multidimensional, and hard to summarize (Mishra, Pundir and Ganapathy, 2018). The production environment is characterized by tendency of customers that demand customized goods and speedy delivery. There is an agreed upon understanding by researchers on the importance of flexibility in meeting customer demands and meeting customer needs (Wang et.al, 2019) to the magnitude that it is now described as a strategic capability (Kumar & Singh, 2019) an international agenda and gateway to discovery and practice. Some definitions of flexibility form on the sustainability of customer relationships, such as, Bodaghi, Jolai and Rabbani (2018) explain “supply chain flexibility as the elasticity of the buyer-supplier relationship under changing conditions”. As manufacturers set out to meet and deliver market demand, dealing with suppliers becomes critical.

A means of communication, various tactics are used to alter behavior and or influence decision making. Modification of behavior may include punitive and or reward campaigns. Whereas influencing attitude may include privilege to critical information. Research has fixated communication tactics as ‘coersive’ and ‘noncoersive’ ‘influence strategies’. Influence strategies is associated by Sheu (2019) as a means of power. How do two firms converge to provide for the market?

Mutually beneficial exchanges between firms reduces risk and costs associated with risk. Building trust and sharing a vision is social capital for the manufacturer in the exchange relationship with the supplier.

This study seeks the contextual ramifications of established theoretical contributions on supply chain flexibility as a result and use of, communication and social exchange. With increased uncertainty in the textile marketplace, the capability of manufacturer flexibility is of value to both the scholar and manager. Specifically, existence and validation of influence strategies in the sector, in addition to, the role of social mechanisms will be measured. The remaining article entails a review of scholarly work on flexibility, influence strategies, and social mechanisms. Thereafter, selection of applicable theoretical model is highlighted, followed by development and testing of hypotheses with description of results. Discussion of measured, geographic specific effects are followed with directions for future investigation.

2. Review of Literature

2.1 Flexibility

Flexibility is often discussed in operations management within the broader context of manufacturing (Ibraimi, Bexheti, Zuferi, Rexhepi and Ramadani, 2016). New to market products, share of turnover from new products and new products themselves are widely thought to benefit due to collaborations (Haus, Fitjar & Pose, 2019). Mishra, Pundir and Ganapathy (2018) state that impact associated with flexibility (goods,

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mix of, quantity, and delivery channel) and manufacturing environment results in positive performance of the firm.

2.2 Influence Strategies

Tactics used for compliance on a firm by another firm with which business is conducted are referred to as Influence strategies (Handley, de Jong and Benton, 2019). Firms use influence strategies to encourage behavior or thought process (Ghijsen, Semeijn, & Ernstson, 2010). Noncoercive influence strategy is more readily accepted by a firm as opposed to coercive tactics.

2.3 Building Confidence

“Trust” is understood as the tendency to rely on a firm with sureness by another firm (Kim D. W., 2019). This may be relayed through principles, dependence, credence, or assurance in the collaboration. For example, recognition of value addition within the collaboration, determination of necessities, reliability and guarantees of capacity and capability to manufacture that product.

2.4 Shared Vision

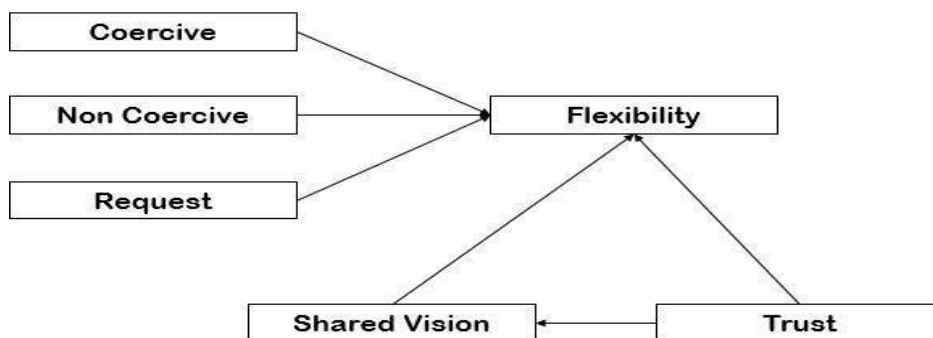
Exchange partners may generate a shared vision, whereby explicit behaviors are expected. This may include specific goals to facilitate collaboration and implementing policies designed to identify right from wrong and/or what is appropriate or inappropriate in this relationship. To this extent it has been suggested by Spekman et al (1988) that “partners share a common world view”.

3. Hypothesis Development

Synthesis of well documented research work is used to develop hypotheses listed in Table 1 (See Appendix).

Figure below provides a pictorial representation of the hypotheses.

Figure 1: Effects on Supplier Flexibility



3.1 Applying Influence Strategies

Wathne and Heide (2000) argued that “manufacturers often rely on operational strategies to influence flexibility of suppliers”. Well researched and documented across western environments in addition to some contextual findings in nonwestern setting.

H₁: Coercive influence strategies positively impact local textile sector.

H₂: Noncoercive influence strategies positively impact local textile sector.

Gilgor, D, Gilgor N, Holcolmb, M and Bozkurt, Siddik (2019) argued “involvement of suppliers in the production process” will have a direct positive impact. A gap worth-while exploring due to unknown consequences of adhering to request made by a manufacturer.

H₃: Request strategies positively impact local textile sector.

3.2 Capital

Social exchange theory assumes parties in an exchange relationship seek value. Shanka and Buvik (2019) suggest that trust building between two parties might start with relatively minor transactions and increase as the number or size of interactions increases.

Production necessitates strong collaboration and coordination among manufacturers and suppliers to overcome unforeseen circumstances. Trust is generated when jointly shared valuable arrangements occur; multiple exchanges with the passage of time (Aydin, 2018). A supplier may therefore adapt to requirements of the manufacturer, which may include altering its own operations (products, process and procedures). Hence, the following hypothesis is proposed:

H4: A manufacturers' trust on supplier effects flexibility.

When in a buyer supplier relationship, shared vision contributes to integration of (planned) resources and their interplay. Spekman, Kamauff, & Spear (1999) state that "parties in a supply chain with a shared vision have better performance". Shared vision contributes to relationship continuity, therefore:

H5: Shared vision is positively effects flexibility.

Ellram and Muriel (2019) state "trust facilitates interorganizational and commercial or confidential information sharing to improve responsiveness". A manufacturer with confidence in its exchange partner will provide guidance on the marketplace and consumer partiality (Verghese, Koufteros, & Huo, 2019).

Due to different visions in organizations, two firms combining resources, facilities and processes, relationships become increasingly challenging. When the two firms interact frequently, there may be a tendency to believe each other as dependable. Two exchange partners require trust therefore, it is proposed:

H6: Manufacturer's trust will facilitate visioning

4. Methods

4.1 Selection and Procedure of Data

A questionnaire was sent to senior managers of 1,200 companies identified from Chambers of Commerce and Industry (CCI)s. Firms represented, are Harmonized System (HS) codes range includes 50-63. Respondents represented manufacturers of products from silk, wool, cotton, vegetable fibers, manmade filaments, yarns and woven fabrics, manmade staple fibers, wadding, carpets, special woven or tufted fabric, laminated textile fabric, knitted fabric, and apparel. Senior managers completed 313 out of 1,200 survey forms (26%). Following standard protocol, it was found to be 300 (25%) for analysis. PLS, allows the researcher to assess predictive validity of exogenous variable (Khan, et al., 2019). Figures 2 and 3 provide an overview firm demographics.

Figure 2: Year of Incorporation

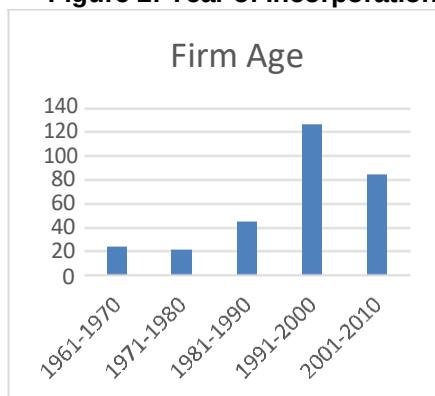
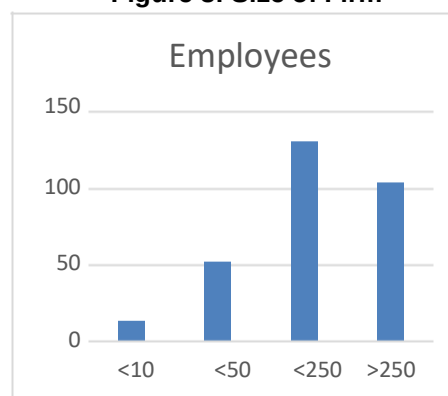


Figure 3: Size of Firm



4.2 Measures

Procedures for construct measurement were followed; first, the domain for each construct was defined, thereafter previous research was reviewed (scale selection) as suggested by Mackenzie, Podsakoff and Podsakoff (2011). Senior managers responded according to a five-point Likert scale.

4.2.1 Influence Strategies

Previous work by Boyle et al. (1992) on influence strategies was modified, whereby the respondent indicated the use of intimidations, legalistic pleas, recommendations, and exchange of information. Separately the use of appeals to the supplier without further elaboration/indication was measured.

4.2.2 Flexibility

Measurement of flexibility were modified, which contain measurements including production and eventual delivery (Zhang et al. 2003), these measurements in a supply chain vary on significance which may be as a result of managerial orientation and/or market turbulence.

4.2.3 Social Mechanisms

To examine the effect of trust and shared vision, constructs from prior research were employed. Scales from Kumar et al. (2005) to measure trust were adapted. For shared vision, scales were adapted from Li and Lin (2006). There were nine items for trust and three items for shared vision.

4.2.4 Control Variables

As firms grow older, their performance seems to decline (Unite, Sullivan, & Shi, 2019). Control variables are set to include size and age of firm.

4.3 Reliability and Validity

The model possesses reliability as well as composite reliability since all values are higher than .7 as shown in Table 2. Composite reliability for constructs is above acceptable levels; coercive is the highest at 0.903 while noncoercive the lowest at 0.837. Average variance is acceptable at this stage.

Results indicate a few initial loading factors (Table 3) are not adequate, to maintain reliability and validity, it is permissible with certain limitations to delete. After deletion, values regarding variance between the constructs and all the variables have a value greater than 0.5 thereby supporting discriminant validity.

Testing of discriminant validity (Table 4) show that minimum value is for NCOR which is 0.712 and maximum value is for SV at 0.795.

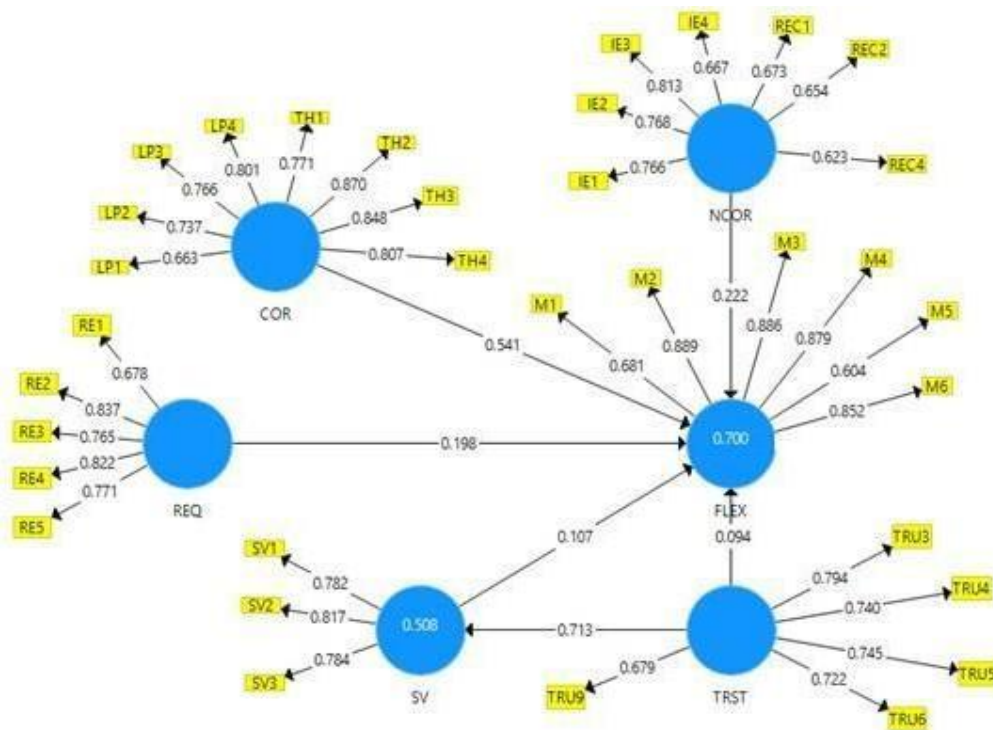
Finally, for discriminant validity, cross loading analysis, which considers the factor loading values of all items with its own construct as well as with other variables in theoretical model is completed (Table 5). All values of items within the construct are greater than 0.6.

4.4 Model Assessment

Three values are assessed to evaluate the structural model. Values for VIF are 0.715 and 0.710 for outer and inner model. Value for SRMR is less than 0.10 for both models. while the chi-square is also good enough to support the structural and estimated model fit.

Path coefficient value is above 0.500 (β), thereby indicating its predictive power. amongst latent variables, is a significant criterion, for evaluating the predictive power of the structural model. The magnitude of the path coefficient points out the power of the relationship among the latent variables and the positive sign of the path coefficient corresponds to the pre-proposed hypothesis. In Figure 4, the outer and inner model is explained outer shows the factor loading values whereas inner shows the coefficient values between the variables.

Figure 4: PLS-SEM Algorithm Model



5. Results

1. Coercive influence strategies and flexibility: For H_1 , coercive influence strategies are significant (+). Promotion of supplier flexibility ($t=10.33, p=0.000$). Thus, the manufacturer is likely to use coercive influence strategies to gain flexibility ($b=0.541^{***}$).
2. Noncoercive influence strategies and flexibility: For H_2 , noncoercive influence strategies are significant (+). Promotion of supplier flexibility ($t=3.70, p=0.000$). A change of one unit of noncoercive influence strategies represents 22% change in supplier flexibility.
3. Request and flexibility: For H_3 , request influence strategy has a significant positive impact ($t=5.12, p=0.000$).
4. Trust and flexibility: For H_4 , trust impact is measurable ($t=2.04, p=0.031$).
5. Share vision and flexibility: For H_5 , shared vision is measurable ($t=2.18, p=0.030$).
6. Trust and shared vision: For H_6 , trust has a positive effect on shared vision ($t=26.66, p=0.000$).

6. Discuss and Conclude

6.1 Discussion

Although extensive research on coercive and noncoercive influence strategies exists, validation in local context is appropriate. Low power distance societies rarely accept compelling interventions (Samaha et al., 2014), whereas in societies such as Pakistan, firms are interdependent; the power distance dimension suggests acceptance of social inequalities (Samaha et al., 2014). This suggests local textile manufacturing firms are more willing of forceful interference and compelling communication pressures on suppliers. It is apparent that threats and legalistic pleas are frequent and successfully used to gain flexibility. In this study, the use of noncoercive influence strategies were used less frequently when compared with other communication strategies. Use of noncoercive influence strategies by manufacturers towards suppliers will increase supplier mix flexibility; this concurs with other studies (Kang, Asare, Brashear-Alejandro, Granot, and Li, 2018; Wang et al., 2016).

There is minimal difference (of requests) when compared with noncoercive influence strategies in this study; however, both positively effect flexibility. For the Pakistani manufacturer, the relationships between request strategies and flexibility is a cause for further examination due to the following: a) it is used

less frequently than coercive and noncoercive b) quantitative results indicate it has the same (almost negligible) positive effect on flexibility.

While a supplier attempts to meet a manufacturer's requirements (i.e. produce various product combinations, minimize the time to implement new product development) the supplier needs to change over its capacity and production plans. If a supplier benefits from cooperating with the manufacturer, there will be value in the relationship. The manufacturer, therefore, is willing to share more strategic and sensitive information with its suppliers, which facilitates the notion of common goals.

Keh and Park (2011) assert manufacturers have grown more powerful. Greater supplier flexibility gives manufacturers the advantage of responsiveness over their competitors. Suppliers with the ability to simultaneously produce multiple products or changeover quickly from one product to another, maintain a competitive advantage. Strategies and social mechanisms will help to advance manufacturer flexibility to accommodate dynamic customer demands in terms of market share, customer satisfaction and solicitation of new projects.

The purpose of this article was to analyze the role of influence tactics and social mechanisms on flexibility from the manufacturers' perspective. There was emphasis on the role of local firms, regardless of their upward/downward supply chain orientation in the region. It is apparent that social mechanisms improve supplier flexibility and more importantly non-coercive influence strategies significantly effect flexibility more so than coercive influence strategies. Additionally, trust not only has a positive impact in creating a shared vision but also promotes flexibility.

6.2 Discovery

Novel contextual insights specific to request strategies, furthers interest in literature (influence strategies).

6.3 Managerial implications

The textile sector "contributes more than 60% of the export earnings of the country, provides 9% of the global textile needs and is ranked as the world's number 10 textile producers" (Kazmi & Takala, 2014). In an age of increasing competition in the marketplace, manufacturers are exposed to a wider range of alternative suppliers. For organizations and supply chain partnerships seeking strategies to be market-responsive (flexible) in dynamic and complex market contexts, social mechanisms play an integral part in collaborations. Post-study discussions with a few manufacturers proposed that carrying an average of 12 brands allows customers a great sense of scale from which they have a choice of what to purchase. Instead of being at the mercy of suppliers, manufacturers may negotiate more. In asymmetric manufacturer-supplier relationships, managers must understand the important impact within their relationships and overall consequences to the regional supply chain.

6.4 Limitations and Further Research

From the outset, the effect of communication tactics and social mechanisms on manufacturer flexibility in specific context is explored. While the results may well be applicable to other textile manufacturers in other parts of the region, caution should be exercised in generalizing results industries. Second, there is insignificant research on influence tactics and social mechanisms in the region and a longitudinal study would provide a more wholistic understanding. Finally, tactics and mechanisms are not implemented in isolation, suppliers' perspectives/strategies should be sought, since this study considers only manufacturers. If dyadic use is studied, a better view on supply chain relationships would be obtained. Future research may employ qualitative methods to investigate request strategies to determine if Pakistan has its own categories.

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APPENDIX

Table 1: Research Synthesis

Source	Description
Frazier & Summers (1984, 1986)	Influence strategies are agreement gaining tactics (noncoercive, coercive)
Payan & McFarland (2005)	Debate on noncoercive strategies, separation of requests tactics
Spekman et al (1999)	Factors of organizational trust for supply chain partners
Li Lin (2006)	Shared vision (aims, objectives, goals)
Zhang et al (2003)	Mix flexibility including production and delivery

Table 2: Reliability and Validity

	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Noncoercive	0.837	0.877	0.507
Coercive	0.903	0.923	0.601
Flexibility	0.837	0.885	0.584
Request	0.846	0.883	0.603
Shared Vision	0.846	0.883	0.632
Trust	0.846	0.883	0.544

Table 3: Reflective Outer Model Summary

Latent Variable	Indicators	Initial Loading	After Deleting
NCOR	IE1	0.744	0.766
	IE2	0.746	0.768
	IE3	0.785	0.813
	IE4	0.648	0.667
	REC1	0.688	0.673
	REC2	0.693	0.654
	REC3	0.646	-
	REC4	0.650	0.623
COR	LP1	0.563	0.663
	LP2	0.737	0.737
	LP3	0.766	0.766
	LP4	0.801	0.801
	TH1	0.771	0.771
	TH2	0.870	0.870
	TH3	0.848	0.848
	TH4	0.807	0.807
FLEX	M1	0.581	0.681
	M2	0.889	0.889
	M3	0.886	0.886
	M4	0.879	0.879
	M5	0.305	0.604
	M6	0.852	0.852

REQ	RE1	0.678	0.678
	RE2	0.837	0.837
	RE3	0.765	0.765
	RE4	0.822	0.822
	RE5	0.771	0.771
SV	SV1	0.782	0.782
	SV2	0.817	0.817
	SV3	0.784	0.784
TRST	TRU1	0.052	-
	TRU2	0.036	-
	TRU3	0.790	0.794
	TRU4	0.742	0.740
	TRU5	0.742	0.745
	TRU6	0.720	0.722
	TRU7	-0.072	-
	TRU8	-0.100	-
	TRU9	0.681	0.679

Table 4: Correlation of Latent Variables

	COR	FLEX	NCOR	REQ	SV	TRST
COR	0.775					
FLEX	0.787	0.764				
NCOR	0.746	0.718	0.712			
REQ	0.411	0.538	0.475	0.777		
SV	-0.030	0.026	-0.064	0.083	0.795	
TRST	-0.027	-0.051	-0.050	-0.038	0.713	0.737

Table 5: Cross Loading

Items	COR	FLEX	NCOR	PRO	REQ	SV	TRST
LP1	0.663	0.454	0.482	0.387	0.314	-0.073	-0.042
LP2	0.737	0.552	0.569	0.535	0.300	0.026	0.013
LP3	0.766	0.572	0.525	0.543	0.270	-0.003	0.031
LP4	0.801	0.564	0.528	0.460	0.272	0.012	0.038
TH1	0.771	0.561	0.531	0.423	0.310	-0.023	-0.076
TH2	0.870	0.691	0.674	0.622	0.357	-0.010	-0.011
TH3	0.848	0.694	0.610	0.543	0.301	-0.045	-0.058
TH4	0.807	0.732	0.670	0.596	0.411	-0.064	-0.052
M1	0.514	0.681	0.478	0.386	0.278	-0.009	-0.038
M2	0.692	0.889	0.638	0.697	0.476	0.072	-0.008

M3	0.708	0.886	0.658	0.672	0.455	0.009	-0.069
M4	0.691	0.879	0.597	0.677	0.487	0.006	-0.055
M5	0.153	0.604	0.130	0.204	0.162	0.033	-0.062
M6	0.656	0.852	0.608	0.772	0.493	0.012	-0.030
IE1	0.540	0.554	0.766	0.507	0.254	-0.048	-0.034
IE2	0.620	0.591	0.768	0.495	0.219	-0.065	-0.062
IE3	0.676	0.623	0.813	0.550	0.308	-0.039	-0.008
IE4	0.484	0.448	0.667	0.473	0.375	-0.051	-0.031
REC1	0.490	0.455	0.673	0.461	0.438	0.007	-0.002
REC2	0.415	0.406	0.654	0.375	0.427	-0.041	-0.020
REC4	0.436	0.449	0.623	0.406	0.451	-0.086	-0.099
RE1	0.497	0.598	0.470	0.590	0.678	0.066	0.001
RE2	0.238	0.334	0.331	0.374	0.837	0.075	-0.005
RE3	0.155	0.255	0.228	0.291	0.765	0.065	-0.034
RE4	0.240	0.367	0.327	0.380	0.822	0.106	-0.040
RE5	0.256	0.308	0.341	0.346	0.771	-0.009	-0.097
SV1	0.008	0.077	-0.033	0.065	0.071	0.782	0.675
SV2	-0.032	0.001	-0.056	0.066	0.054	0.817	0.510
SV3	-0.060	-0.041	-0.072	0.011	0.070	0.784	0.467
TRU3	-0.025	-0.062	-0.065	-0.018	-0.065	0.488	0.794
TRU4	-0.029	-0.003	-0.054	0.045	-0.004	0.600	0.740
TRU5	-0.056	-0.046	-0.050	0.025	0.028	0.553	0.745
TRU6	0.025	-0.004	-0.006	0.031	-0.058	0.471	0.722
TRU9	-0.006	-0.077	-0.004	-0.020	-0.055	0.493	0.679

Table 6: PLS-SEM Hypotheses Testing

	Relationship (IV-DV)	Original Sample	Sample Mean	Standard Deviation	T Statistics (O/STDEV)	P Values	Decision
H ₁	COR -> FLEX	0.541	0.542	0.052	10.337	0.000	Valid
H ₂	NCOR -> FLEX	0.222	0.220	0.060	3.701	0.000	Valid
H ₃	REQ -> FLEX	0.198	0.201	0.039	5.125	0.000	Accepted
H ₄	TRST -> FLEX	0.094	0.094	0.046	2.048	0.031	Accepted
H ₅	SV -> FLEX	0.107	0.106	0.049	2.181	0.030	Accepted
H ₆	TRST -> SV	0.713	0.716	0.027	26.658	0.000	Valid