

Mediating Effects Between Operational Resources, Capabilities, Competitive Edge and Performance: Indonesian Coffee Industry

Chin-Chun Hsu

Lee Business School
University of Nevada, USA
Vincent.hsu@unlv.edu

Hadiyan Wijaya Ibrahim

Dinas Perdagangan Kabupaten Aceh Tengah, Indonesia
hadiyan.tmi.itb@gmail.com

Mohd Rizaimy Shaharudin

Faculty of Business Management
Universiti Teknologi MARA, Malaysia
rizaimy@uitm.edu.my

Keah-Choon Tan

Lee Business School
University of Nevada Las Vegas, USA
kctan@unlv.edu

Suhaiza Hanim Mohamad Zailani

Faculty of Business and Accountancy
University of Malaya, Malaysia
shmz@um.edu.my

Abstract

Purpose – We use the resource-based view and dynamic capability theory to propose an operational resource–supply chain (SC) dynamic capabilities–competitive advantage–performance model to examine how operational resources influence performance through SC dynamic capabilities and competitive advantages. Operational resources are measured by lean practices and operational responsiveness, whereas SC dynamic capabilities comprise logistics and collaboration capabilities.

Design/methodology/approach – We test the conceptual model using the structural equation modelling (SEM) with survey data from 190 firms in the Indonesian coffee industry.

Findings – SC dynamic capabilities fully mediate the relationship between operational resources and performance; competitive advantage partially mediates the SC dynamic capabilities–performance relationship.

Originality – Research has shown that operational resources affect performance directly. This study extends the literature to explain that operational resources affect performance through SC dynamic capabilities and competitive advantage.

Research Implications – Firms' differential abilities to transform internal operational resources (lean practices and production responsiveness) into external SC dynamic capabilities (logistics and collaboration) may result from their distinct coordination mechanisms and strategies.

Practical implications – The full mediating role of SC dynamic capabilities and the partial mediating role of competitive advantage help managers to understand that operational resources influence performance by functioning as an impetus for SC dynamic capabilities and competitive advantages, which subsequently affect performance. This knowledge inspires managers to undertake the necessary efforts to transform operational resources into SC dynamic capabilities to enhance competitive advantages.

Keywords: operational resources, capabilities, competitive advantages, performance.