Dealing with quality uncertainty in perishable supply chains: Consideration of buyer-supplier geographical distance and the choice of procurement channel.

Abstract:

Product quality uncertainty is increasingly becoming an important research agenda among researchers in supply chain management, information systems and agriculture. The purpose of this paper is to extend knowledge in this area by examining the impact of the degree of produce perishability on produce quality uncertainty, and how buyer-supplier geographical distance and the choice of procurement channel moderate this impact. Drawing on principal-agency theory, quality uncertainty, information asymmetry and supply chain literature, three hypotheses were developed and tested by using empirical evidence from 239 buyer-supplier relationships from the food processing industry. The findings revealed that the degree of produce perishability positively influences quality uncertainty; this influence increases significantly as buyer-supplier geographical distance increases, and when food processors use indirect procurement channels rather than direct procurement channels.

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Keywords:

buyer-supplier relationships; principal-agency theory; information asymmetry; supply chain management; quality uncertainty; perishability; geographical distance; procurement channel.