



# Joint supply chain risk management: An agency and collaboration perspective

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## Abstract

As supply chain risks refer to the risks transmitted among supply chain members and supply chain management (SCM) is concerned with close collaboration among chain members to enhance the chain's overall performance, we argue that we need to use an SCM perspective in supply chain risk management (SCRM). We identify risk information sharing and risk sharing mechanism as two important joint SCRM practices. Drawing on the literature on agency theory and collaborative relationships, we argue that the effectiveness of these two joint practices in improving financial performance can be strengthened by collaborative relationship characteristics including relationship length, supplier trust, and shared SCRM understanding. We empirically test our conceptual model using the data collected from 350 manufacturing firms in China. The results suggest that both risk information sharing and risk sharing mechanism improve financial performance, and the effectiveness of the former is strengthened by relationship length and supplier trust, while that of the latter is strengthened by shared SCRM understanding. We contribute to research and practice by identifying two useful joint SCRM practices and ascertaining the conditions under which each of the practices is particularly effectively.

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## Keywords

Supply chain risk management; Inter-firm practices; Agency theory perspective; Collaborative relationships

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