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**Managing Quality Risk in Supply Chain to Drive Firm's Quality Performance**

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# Managing Quality Risk in Supply Chain to Drive Firm's Quality

## Performance: The Mediating Role of Supply Chain Quality Integration

### Abstract

**Purpose** – As quality becomes increasingly prioritized in supply chain management, understanding how supply chain quality risk management (SCQRM) practices impact quality performance (QP) is essential. This study investigates the effects of two SCQRM practices—risk prevention (RP) and proactive product recall (PPR)—on QP, with a particular focus on the mediating role of supply chain quality integration (SCQI).

**Design/methodology/approach** – A structured survey was administered to gather data from 400 Chinese manufacturing firms. Structural equation modeling was employed to evaluate the proposed relationships among SCQRM practices (RP and PPR), SCQI, and QP.

**Findings** – The findings reveal that both RP and PPR significantly and positively influence QP. Specifically, in the structural model, RP exerts a positive effect on SCQI, while PPR also positively impacts SCQI. Additionally, SCQI serves as a mediator between RP and QP, as well as between PPR and QP.

**Originality/value** – This study contributes to the supply chain management literature by elucidating the beneficial effects of RP and PPR on QP and identifying SCQI as a key mediating factor in these relationships. Leveraging Information Processing Theory (IPT), the study provides new theoretical insights into the mechanisms through which SCQRM enhances QP via SCQI.

**Keywords:** Supply chain quality risk management, Risk prevention, Proactive product recall, Supply chain quality integration, Quality performance, Information processing theory

**Paper type:** Research paper

# Managing Quality Risk in Supply Chain to Drive Firm's Quality

## Performance: The Mediating Role of Supply Chain Quality Integration

### 1. Introduction

In an increasingly complex and competitive environment shaped by globalization and shortened product life cycles, manufacturing supply chains encounter heightened vulnerabilities (Chowdhury *et al.*, 2021). Disruptions such as the COVID-19 pandemic and inter-organizational conflicts further exacerbate supply chain fragility. Consequently, supply chain risk management (SCRM) has become a priority in both scholarly research and industry practice (Sodhi *et al.*, 2012; Tang *et al.*, 2014). Within this framework, supply chain quality risk management (SCQRM)—a specialized area within SCRM—has garnered significant scholarly attention, providing valuable insights (Xie *et al.*, 2011; Foster, 2008; Kaynak and Hartley, 2008; Sato *et al.*, 2020). Supply chain quality risk (SCQR) is defined as “the inherent quality uncertainty of raw materials in supply chain entities, which triggers a cascading effect that permeates a multi-tier supply network” (Tse *et al.*, 2021). SCQR can not only severely impact a company's reputation and financial stability but also lead to substantial market share loss and enduring brand damage (Hora *et al.*, 2011; Ma *et al.*, 2022). Thus, effectively understanding and managing these risks is crucial for firms to sustain competitive advantage and ensure long-term viability. Although SCQRM has been identified as a strategy to enhance supply chain resilience, thereby mitigating the adverse effects of supply-related disruptions (Clemons and Slotnick, 2016), the specific link between SCQRM and quality performance (QP) remains underexplored. This study aims to investigate whether and through which mechanisms SCQRM influences QP.

Previous studies have classified SCQRM practices into preventive and responsive categories (Thun and Hoenig, 2011). These practices aim to address potential quality risks in the upstream supply chain and mitigate the negative impacts of product recalls in the downstream network (Tse *et al.*, 2018). However, prior research has primarily differentiated upstream and downstream SCQRM practices on a theoretical basis. This paper seeks to empirically measure preventive and responsive SCQRM practices and examine their effects on QP. Following definitions from previous studies, we adopt risk prevention (RP) as a representation of preventive quality risk management practices aimed at mitigating risks within the supply chain (Tse and Tan, 2012). Additionally, proactive product recall (PPR) is utilized as a proxy for responsive quality risk management practices, encompassing preemptive strategies and procedures designed to manage recalls (i.e., remediation plans) (Tse *et al.*, 2018).

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4 Consequently, effective SCQRM requires synergy between upstream and downstream  
5 practices; that is, supply chain members must interpret signals from SCQRM and respond  
6 appropriately to enhance performance (Yu *et al.*, 2019).  
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9 To provide a more comprehensive explanation of the relationship between SCQRM and  
10 QP and to clarify the underlying mechanisms of influence, we draw on information processing  
11 theory (IPT; Galbraith, 1974). This theoretical perspective describes supply chain quality  
12 integration (SCQI) as an information-intensive exchange of quality data among supply chain  
13 partners (Srinivasan and Swink, 2015). IPT posits that uncertainty necessitates either a  
14 reduction in information processing needs or an enhancement in information processing  
15 capabilities (Daft and Lengel, 1986). Within the context of supply chain management, IPT  
16 elucidates how SCQRM and SCQI can identify and respond to quality-related risks through  
17 systematic information acquisition, interpretation, and application (Srinivasan and Swink, 2015;  
18 Yu *et al.*, 2019). SCQRM practices, including RP and PPR, depend on robust information  
19 processing mechanisms to ensure that quality information is efficiently acquired, interpreted,  
20 and applied across all stages of the supply chain, thereby facilitating improved quality risk  
21 management (Lu *et al.*, 2023; Tse *et al.*, 2018). SCQI, as an information processing mechanism  
22 that enables intensive quality information exchange across the boundaries of suppliers, internal  
23 departments, and customers, strengthens firms' ability to respond effectively to quality risks by  
24 promoting information fluidity and consistency within the supply chain (Flynn *et al.*, 2010;  
25 Huo *et al.*, 2019). Through SCQI, firms can achieve real-time access to quality information,  
26 standardized interpretation, and rapid action, thereby mitigating quality management risks and  
27 enhancing overall quality performance in uncertain environments. Consequently, SCQI not  
28 only serves as a mechanism for information integration but also acts as a critical bridge between  
29 SCQRM and QP, enabling organizations to better address the complexities and quality  
30 challenges inherent in supply chain operations.  
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44 Our objective is to provide empirical insights into the impact of these practices on distinct  
45 segments of the supply chain, including upstream suppliers, internal operations, and  
46 downstream customer interfaces. SCQI is conceptually defined as the seamless incorporation  
47 of quality management across a company's upstream suppliers, downstream customer  
48 operations, and internal functions. Viewed as an extension of supply chain integration (SCI) to  
49 encompass quality considerations, SCQI is recognized for its positive influence on QP (Huo *et*  
50 *al.*, 2014). Companies with well-developed SCQRM capabilities can effectively integrate  
51 quality across their supply chains, offering clear guidelines to supply chain partners for  
52 managing products, minimizing recalls, reducing damage, and preventing risks. Accordingly,  
53 our study centers on the relationship between SCQRM practices—specifically, RP and PPR—  
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4 and QP, with SCQI as a mediating factor. We address two primary questions: (1) How do RP  
5 and PPR contribute to SCQI? and (2) Through which pathways within SCQI do RP and PPR  
6 influence QP, either directly or indirectly?  
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9 The subsequent sections of this paper are organized as follows. Section 2 presents a  
10 literature review and outlines the hypotheses regarding the relationships among SCQRM, SCQI,  
11 and QP. Section 3 describes the data collection procedures, defines variables, and delineates  
12 the study's operational framework. Section 4 applies structural equation modeling to assess the  
13 relationships involving RP, PPR, and QP and examines the mediating role of SCQI. Finally,  
14 Section 5 summarizes the findings and discusses the study's implications for both scholarly  
15 research and practical application.  
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## 20 21 **2. Literature review and hypotheses development**

### 22 23 **2.1 Supply chain quality risk management**

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25 SCQR is defined as “the inherent quality uncertainty of raw materials in supply chain entities,  
26 which triggers a cascading effect that permeates a multi-tier supply network” (Tse *et al.*, 2021).  
27 As supply chains become increasingly complex and quality demands rise (Tse and Tan, 2012),  
28 quality risk has emerged as a pervasive challenge for manufacturing companies (Sato *et al.*,  
29 2020). SCQR can adversely impact a company's reputation, market share, and brand; thus,  
30 understanding and managing SCQR is essential for business survival and growth (Hora *et al.*,  
31 2011; Ma *et al.*, 2022). Consequently, SCQRM has become a critical area of research (Van  
32 Heerde *et al.*, 2007). SCQRM is specifically designed to address risks associated with unsafe  
33 products that can create cascading effects throughout the entire supply network (Zsidisin and  
34 Ellram, 2003; Tse and Tan, 2011; Tse and Tan, 2012). Although prior studies have shown that  
35 SCQRM can improve flexibility and reduce the adverse impacts of supply chain security  
36 incidents, few have investigated its relationship with QP or the mechanisms driving this impact  
37 (Clemons and Slotnick, 2016).  
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46 SCQRM involves not only the identification of potential risks but also the assessment of  
47 their likelihood, along with the formulation and implementation of proactive and reactive  
48 response strategies (Thun and Hoenig, 2011). Additionally, both *ex-ante* and *ex-post*  
49 mechanisms are essential in operational risk management (Lewis, 2003). In this context,  
50 theoretically linked to both upstream and downstream segments of the supply chain, Tse *et al.*  
51 (2018) provide valuable insights by examining how preventive and responsive quality risk  
52 management practices affect firm performance. However, this positive expectation largely  
53 stems from theoretical frameworks, while empirical research on the direct and indirect impacts  
54 of preventive and reactive quality risk management practices on QP remains limited.  
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4 With global supply chains increasingly emphasizing digitalization and information  
5 sharing (Rauniyar *et al.*, 2022; Sanders and Ganeshan, 2018; Vedantam and Iyer, 2021),  
6 preventive quality risk management practices may require data inputs from downstream  
7 customers (Chakravarty *et al.*, 2022). Similarly, responsive quality risk management practices  
8 may involve tracing back to upstream suppliers to identify the root causes of quality issues (He  
9 *et al.*, 2020; Steven *et al.*, 2014; Maruchek *et al.*, 2011). Therefore, we highlight the need for  
10 more in-depth exploration and empirical evidence to clarify how preventive and responsive  
11 quality risk management practices influence QP.  
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## 17 **2.2 Supply chain quality integration**

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19 SCI involves the comprehensive alignment of upstream suppliers, downstream customers, and  
20 internal departments within a manufacturing company. The primary goal of SCI is to streamline  
21 activities such as research and development (R&D), manufacturing, quality control, and  
22 logistics. This optimization enhances the flow of products, services, information, capital, and  
23 decision-making, ultimately maximizing customer value (Flynn *et al.*, 2010; Huo *et al.*, 2014;  
24 Kang *et al.*, 2018). Research on the relationship between SCI and QP has produced mixed  
25 findings. For example, Wong *et al.* (2011) and Rosenzweig *et al.* (2003) identified positive  
26 impacts of supplier, internal, and customer integration on QP, including delivery reliability and  
27 product quality. In contrast, other studies have reported divergent results. Swink *et al.* (2007)  
28 found a negative relationship between supplier integration and QP, while Devaraj *et al.* (2007)  
29 observed a positive association with supplier integration but no significant effect of customer  
30 integration on QP. These varied outcomes highlight the need for a more nuanced understanding  
31 of how SCI influences QP. Addressing this complexity, Quesada *et al.* (2008) differentiated  
32 firms based on their quality-focused supplier and customer integration strategies. Expanding  
33 on this, Huo *et al.* (2014) extended SCI into the realm of quality management, offering new  
34 insights into how SCI impacts QP.  
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45 SCQI represents an advanced evolution of SCI, emphasizing both strategic and operational  
46 collaboration within an organization and with external partners to manage quality-related  
47 aspects effectively (Flynn *et al.*, 2010). SCQI comprises three core sub-dimensions: supplier  
48 quality integration (SQI), internal quality integration (IQI), and customer quality integration  
49 (CQI). SQI and CQI, collectively referred to as external quality integration, involve aligning  
50 inter-organizational strategies and practices with external supply chain partners to ensure the  
51 synchronization of quality standards and the fulfillment of customer quality requirements  
52 (Flynn *et al.*, 2010; Huo *et al.*, 2019). SQI focuses on integrating suppliers' core quality  
53 competencies into the organization's processes, while CQI emphasizes aligning these  
54 competencies with customer expectations. In contrast, IQI is an internally focused dimension  
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4 that represents an organization's commitment to synchronizing its internal strategies, practices,  
5 and procedures to meet quality requirements. This dimension includes the implementation of  
6 cross-functional quality management and teamwork, which are critical for managing activities  
7 and addressing quality-related issues within the organization (Flynn *et al.*, 2010; Huo *et al.*,  
8 2019). The strategic emphasis on SQI, IQI, and CQI positions SCQI as a comprehensive  
9 approach to strengthening overall quality management within the supply chain context.

13 Compared to general SCI, SCQI has a more profound impact on the overall performance  
14 of the supply chain. SCQI not only enhances the quality level of the supply chain through  
15 information processing mechanisms but also optimizes the cost structure by reducing rework,  
16 minimizing quality complaints, and improving customer satisfaction (Alkalha *et al.*, 2019;  
17 Foster, 2008). Additionally, the application of SCQI enables companies to cultivate a quality-  
18 driven culture throughout the supply chain, allowing each link in the chain to operate at  
19 elevated standards. This quality-oriented integration enhances firms' market competitiveness  
20 and strengthens customer trust in the brand (Lakhal *et al.*, 2006; Lawson *et al.*, 2019). For  
21 instance, Toyota's 'Lean Manufacturing' system exemplifies the practical application of SCQI.  
22 Through close collaboration with suppliers and rigorous quality standards, Toyota has achieved  
23 efficient integration of production and quality management, securing a competitive advantage  
24 in product quality (Kumar and Schmitz, 2011; Samson and Swink, 2023). This example  
25 illustrates how SCQI enables companies to maintain stringent quality control within highly  
26 uncertain supply chain environments, thereby minimizing quality risks and optimizing  
27 customer experience.

37 Recognizing the critical role of SCQI in supply chain management, our study leverages  
38 this concept to examine its role in the relationship between SCQRM and QP. While previous  
39 studies have underscored the importance of collaboration between focal firms and supply chain  
40 partners, these studies have primarily relied on the resource-based view and relational  
41 perspectives (Flynn *et al.*, 2010; Yu *et al.*, 2013). Here, we employ IPT as a theoretical lens to  
42 conceptualize SCQI as a quality information-intensive exchange between supply chain partners  
43 (Srinivasan and Swink, 2015). IPT provides a framework to better understand SCQI's role in  
44 facilitating quality information sharing and reducing quality uncertainty. Consequently, we  
45 propose that SCQI can function as a quality information processing agent that links SCQRM  
46 practices to QP by mitigating uncertainty and enhancing information flow.

54 Numerous studies have categorized SCI into various dimensions, such as technology  
55 integration and activity integration (Wu *et al.*, 2006), or internal and external integration (Yu  
56 *et al.*, 2019), with external integration further divided into supplier integration and customer  
57 integration (Flynn *et al.*, 2010). However, the objective of this study is not to address the  
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4 differential impacts of SCQI's multiple dimensions but rather to understand SCQI's role as a  
5 quality information processing agent in the influence of SCQRM on QP. Accordingly, we  
6 conceptualize SCQI as a second-order aggregated construct composed of three first-order sub-  
7 dimensions: SCQI—SQI, IQI, and CQI.  
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## 10 **2.3 Information processing theory**

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13 The central premise of IPT is that as the uncertainty and complexity faced by firms increase,  
14 their information needs also rise. To make effective decisions in this environment,  
15 organizations must alleviate the stress generated by these elevated information needs by  
16 enhancing their information processing capabilities (Daft and Lengel, 1986; Srinivasan and  
17 Swink, 2018; Li *et al.*, 2022; Lu *et al.*, 2024).  
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21 IPT provides a vital framework for understanding organizational decision-making and  
22 problem-solving through processes of information acquisition, interpretation, and application  
23 (Galbraith, 1974; Yu *et al.*, 2019). Information acquisition refers to the continuous collection  
24 of quality-related information from various nodes of the supply chain to address quality risks  
25 and management requirements (Srinivasan and Swink, 2015). Information interpretation  
26 involves analyzing and processing this collected information to identify and understand  
27 potential risks and quality issues (Yu *et al.*, 2019). Information application is the process of  
28 translating acquired and interpreted information into specific management decisions and  
29 operational practices (Yu *et al.*, 2019). The relevance of IPT is particularly pronounced in  
30 supply chain environments, where effective management requires collaboration among  
31 multiple parties and extensive information exchange across organizational boundaries  
32 (Srinivasan and Swink, 2015; Wei *et al.*, 2020; Yu *et al.*, 2019).  
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### 41 *2.3.1 Information processing theory in Supply chain quality risk management*

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43 In the context of SCQRM, IPT provides an analytical framework to guide organizations in  
44 addressing quality-related risks by enhancing their information processing capabilities  
45 (Srinivasan and Swink, 2015; Yu *et al.*, 2019). For SCQRM, the nature of quality risks  
46 determines the critical need for risk information processing, as these risks often involve  
47 multiple links upstream and downstream in the supply chain, with each link's response directly  
48 influencing the overall QP of the supply chain (Qu and Raff, 2021; Srinivasan and Swink,  
49 2018).  
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55 In SCQRM, information acquisition serves as the initial step in identifying and predicting  
56 potential quality risks. Organizations with advanced information processing capabilities can  
57 more effectively acquire quality-related data from suppliers, internal processes, and customer  
58 feedback, enabling them to detect risk signals promptly and implement preventive measures  
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(Bode *et al.*, 2011). For RP practices, information acquisition allows firms to identify potential quality hazards; for instance, by regularly reviewing supplier qualifications and analyzing raw material data, firms can take proactive steps to prevent quality issues before they arise (Tse *et al.*, 2018). Additionally, in PPR practices, it is equally crucial to obtain timely feedback from downstream customers to promptly identify and address defective products. The quality and timeliness of information acquisition underpin a firm's capacity to execute SCQRM effectively (Yu *et al.*, 2019).

IPT posits that when faced with a substantial amount of uncertain information, organizations must employ effective interpretation mechanisms to integrate and simplify complex information, aiding managers in comprehending the nature and potential impact of risks (Daft and Lengel, 1986). In SCQRM, organizations need to establish linkages between diverse information sources (e.g., supplier data, production process records, and customer complaints) to assess risks comprehensively (Mehrotra and Schmidt, 2021). For example, by analyzing quality data provided by suppliers in conjunction with customer feedback, firms can more accurately determine the likelihood of risk occurrence and the extent of its potential impact (Deiva *et al.*, 2022). Information interpretation goes beyond merely categorizing and storing data; it involves deriving deeper insights from the information, thereby forming the foundation for more targeted quality management strategies (Lu *et al.*, 2023).

In the information application phase, IPT emphasizes the organization's ability to act swiftly based on interpreted information (Yu *et al.*, 2019). RP and PPR are quintessential examples of information applications. Through effective RP measures, companies can implement preventive actions before risks materialize, such as enhancing supplier screening or refining production quality control processes (Tse and Tan, 2012). When PPR is required, firms can recall defective products more rapidly through efficient information transfer and analysis, minimizing the risk of customer dissatisfaction and brand damage (Hosseini-Motlagh *et al.*, 2020). The efficiency of information applications directly influences the effectiveness of SCQRM, determining the speed and precision of a firm's response to quality issues (Schoenherr and Swink, 2012).

### 2.3.2 Information processing theory in supply chain quality integration

IPT provides theoretical support for understanding the significance of SCQI in quality management (Wei *et al.*, 2020). SCQI involves not only the acquisition and sharing of information but also the in-depth interpretation of information and coordinated execution across departments (Alkalha *et al.*, 2019; Huo *et al.*, 2014). Regarding information acquisition, SCQI ensures that all supply chain partners have timely access to high-quality, quality-related information (Fan *et al.*, 2022). For instance, firms can identify potential quality issues by

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4 sharing data with suppliers or assessing the actual quality performance of products through  
5 customer feedback (Flynn *et al.*, 2010). This real-time access provides supply chain members  
6 with critical insights into product and service quality, enabling proactive intervention before  
7 issues arise.  
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10 In terms of information interpretation, SCQI streamlines the interpretation process across  
11 departments by developing standardized quality metrics and processes. Through data and  
12 process standardization, companies enable supply chain members to achieve a unified  
13 understanding of quality data, thereby reducing misunderstandings and communication costs  
14 (Devaraj *et al.*, 2007). Standardized information interpretation not only enhances collaborative  
15 efficiency across the supply chain but also improves the accuracy of decision-making, allowing  
16 each link in the supply chain to accurately interpret quality information and take timely action  
17 (Danese and Romano, 2011; Schoenherr and Swink, 2012).  
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23 For information application, SCQI further enables cross-functional collaboration, ensuring  
24 that quality issues can be resolved swiftly and effectively. Through seamless information flow  
25 and cross-functional coordination, SCQI empowers organizations to take preventive or  
26 corrective actions on quality issues promptly (Deiva *et al.*, 2022; Yu *et al.*, 2019). This rapid  
27 response capability makes SCQI particularly valuable in quality risk management.  
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31 Thus, applying IPT to SCQRM and SCQI helps organizations identify and manage quality  
32 risks across the supply chain while improving overall quality performance by enhancing  
33 information flow. By positioning SCQI as a crucial link between SCQRM practices and QP,  
34 IPT provides a theoretical foundation for explaining the central role of information processing  
35 in quality management. The application of IPT in SCQRM and SCQI indicates that  
36 strengthening information processing capabilities can help firms achieve higher-quality  
37 performance, especially in uncertain environments.  
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## 43 **2.4 Supply chain quality risk management and quality performance**

### 44 *2.4.1 Risk prevention and quality performance*

45 Informed by IPT, we conceptualize RP as a strategic approach that involves the acquisition,  
46 interpretation, and application of quality-related information to prevent the distribution of  
47 hazardous materials to consumers. RP encompasses three primary practices: (1) implementing  
48 a comprehensive supplier evaluation system, (2) employing risk management tools to identify  
49 and assess quality risks, and (3) developing tailored quality inspection strategies for various  
50 product categories. This approach ensures that purchased products meet accepted quality  
51 standards, supported by regular supplier audits and on-site visits to maintain supplier QP  
52 (Krause, 1999; Kaynak, 2003).  
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4 In uncertain environments, clarifying responsibilities among supply chain partners can be  
5 challenging (Li *et al.*, 2015). However, by predefining quality responsibilities, partners can  
6 collaboratively mitigate supply chain risks (Tse *et al.*, 2018). IPT plays an essential role here,  
7 aiding firms in analyzing the supply chain and devising strategies for risk mitigation (Lemke  
8 and Petersen, 2013). We propose that enhancing information processing capabilities through  
9 RP strengthens risk response, improves quality control, reduces quality risks, and subsequently  
10 enhances QP. Consequently, our hypothesis is:

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15 **Hypothesis 1.** Risk prevention has a positive effect on a firm's quality performance.

#### 16 17 18 *2.4.2 Proactive product recall and quality performance*

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20 High-profile cases, such as Samsung's Galaxy Note7 and Toyota's automotive recalls,  
21 underscore the importance of proactive product recalls (PPR) as a critical response to quality  
22 issues in products offered or sold to customers, with significant potential impacts on a firm's  
23 reputation and financial position (Kumar and Budin, 2006). In response to such incidents, PPR  
24 strategies are essential for sustaining long-term customer satisfaction and trust (Liu *et al.*, 2016).  
25 Guided by IPT, we conceptualize PPR as a firm's predefined strategies and procedures for  
26 effectively managing unexpected product recalls, involving extensive information gathering  
27 and application to address quality issues and prevent widespread recalls.

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29 The primary objective of PPR is to minimize the impact of defects by preventing the  
30 distribution of unsafe or defective products. Effective PPR strategies can limit recalls to earlier  
31 stages in the supply chain, thereby significantly reducing the operational costs and resources  
32 required for extensive recalls (Kumar and Schmitz, 2011). Moreover, PPR enables firms to  
33 quickly identify the source of defects, examine potentially affected products, and formulate  
34 well-informed remediation plans. This approach aligns with research by Li *et al.* (2019), which  
35 emphasizes the importance of information processing with supply chain partners, as  
36 highlighted by IPT.

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38 Fundamentally, IPT provides firms with a framework to minimize the damages associated  
39 with recalls, enhance quality management across the product lifecycle, and reduce defect  
40 occurrences, thereby improving QP. Therefore, we propose the following hypothesis:

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45 **Hypothesis 2.** Proactive product recall has a positive effect on a firm's quality performance.

#### 46 47 48 **2.5 Supply chain quality risk management practices and supply chain quality integration**

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50 Based on IPT, we propose that SCQRM practices play a pivotal role in facilitating SCQI  
51 (Galbraith, 1974). IPT emphasizes that when supply chains integrate across multiple  
52 organizational boundaries, effective information sharing and processing are essential to  
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4 enhance organizational adaptability and responsiveness (Zsidisin *et al.*, 2015). First, the  
5 implementation of RP activities signals an organization's commitment to maintaining high-  
6 quality standards. This commitment helps foster trust with suppliers, thereby promoting robust,  
7 long-term relationships and facilitating SQI (Dyer and Chu, 2000; Nyaga *et al.*, 2010). Second,  
8 a culture of strong internal collaboration enables the early detection of supply chain risks (Riley  
9 *et al.*, 2016). By emphasizing RP, companies cultivate a quality-focused culture among  
10 employees, who prioritize maintaining high standards in their daily work, contributing to IQI  
11 (Zsidisin *et al.*, 2005). Additionally, this collaboration ensures a consistent quality management  
12 process through information exchange and cooperation across different departments within the  
13 organization (Poberschnigg *et al.*, 2020). Finally, by sharing information and data with  
14 suppliers and customers, RP activities improve supply chain responsiveness and adaptability,  
15 drive CQI, and foster deeper integration across the entire supply chain (Schoenherr and Swink,  
16 2012; Huo *et al.*, 2014).

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18 From an IPT perspective, SCQRM can be viewed as a formative approach to strategic  
19 collaboration by establishing quality commitments to external supply chain partners and  
20 fostering an internal quality culture, which in turn facilitates cross-organizational information  
21 sharing and resource integration (Flynn *et al.*, 2010). This integration enhances the overall  
22 information-processing capability of the supply chain. Based on these insights, we propose the  
23 following hypothesis:

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25 **Hypothesis 3.** Risk prevention has a positive effect on supply chain quality integration.

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27 PPR aims to reduce the risk of defective products reaching downstream partners (Hosseini-  
28 Motlagh *et al.*, 2020). Based on IPT, we suggest that PPR plays a critical role in promoting  
29 SCQI. First, the traceability inherent in PPR allows organizations and their suppliers to conduct  
30 a comprehensive analysis of the root causes of quality issues. This understanding enables  
31 suppliers to implement corrective actions, preventing the recurrence of similar problems in the  
32 future (Dai *et al.*, 2015; Maruchek *et al.*, 2011), thereby enhancing SQI. Second, PPR  
33 emphasizes continuous improvement (Das, 2011), fostering a quality culture that motivates  
34 employees to identify and address potential quality issues. Furthermore, active involvement in  
35 recall activities requires collaboration among departments such as quality assurance, operations,  
36 and customer service, encouraging communication and cooperation for a unified quality  
37 management approach, thereby promoting IQI (Tse *et al.*, 2018). Finally, through PPR,  
38 companies can demonstrate their commitment to customer safety and well-being, effectively  
39 reducing perceived customer risk and strengthening customer trust and loyalty (Wei *et al.*,  
40 2022). Timely and effective handling of product recalls minimizes customer dissatisfaction and  
41 maintains a company's reputation for providing high-quality products (Lawson *et al.*, 2019).  
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As a result, PPR promotes CQI.

From an IPT perspective, PPR serves as a corrective mechanism to enhance SCQI through cross-functional coordination and information sharing in the supply chain (Flynn *et al.*, 2010). PPR significantly improves the responsiveness and adaptability of the supply chain at the quality level by strengthening coordination and integration with supply chain partners (Koufteros *et al.*, 2012). Therefore, we propose the following hypothesis:

**Hypothesis 4.** Proactive product recall has a positive effect on supply chain quality integration.

## 2.6 The mediating effects of Supply chain quality integration

Grounded in IPT, we examine SCQI as a mediating variable between SCQRM practices and QP. IPT more effectively elucidates the role of SCQI in quality information sharing and reducing quality uncertainty (Yu *et al.*, 2019). We propose that SCQI can function as a quality information processing agent within the supply chain, serving as a crucial link between SCQRM practices, particularly RP and PPR, and QP by reducing uncertainty and facilitating information flow.

SCQI enhances the exchange of quality-related information, streamlining business processes, improving transparency, optimizing resource use, and reducing risks, thereby increasing the effectiveness of RP and PPR practices, which ultimately leads to better QP (Chen *et al.*, 2009; Frohlich and Westbrook, 2001).

Specifically, SQI contributes to QP by fostering collaboration with suppliers on production plans and ensuring adherence to raw material standards (Chen *et al.*, 2018; Zhang *et al.*, 2019). IQI focuses on aligning internal functions, breaking down departmental barriers, integrating data systems, and fostering cross-functional collaboration to enhance QP (Zhao *et al.*, 2021; Huo *et al.*, 2014). Meanwhile, CQI enables timely responses to customer quality requirements, product adjustments, and new product development, indirectly boosting product quality (Quang *et al.*, 2016; Elvers and Song, 2016).

From an IPT perspective, the effectiveness of organizational decision-making depends on the quality and timeliness of information (Yu *et al.*, 2019). By integrating quality processes among suppliers, internal functions, and customers, SCQI optimizes information quality within the supply chain and ensures its timely distribution. This optimization enhances decision-making within RP strategies, positively impacting QP. Thus, SCQI acts as a critical mediator that amplifies the impact of RP on QP. Accordingly, we propose the following hypothesis:

**Hypothesis 5.** Supply chain quality integration mediates the relationship between risk prevention and quality performance.

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4 Additionally, by establishing close relationships with suppliers, SQI can effectively reduce  
5 inventory waste while enhancing information exchange and integration (Yeung, 2008).  
6 Through close collaboration and integration with suppliers, firms can improve the reliability  
7 and stability of supply chain quality, thereby contributing to better product quality, waste  
8 reduction, increased productivity, enhanced firm credibility, and optimized supply chain  
9 management practices (Luo *et al.*, 2023). By collaborating with suppliers, companies can  
10 construct a comprehensive manufacturing map, facilitating the efficient identification of  
11 defective product sources.  
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16 IQI reflects a company's capacity to seamlessly integrate its functions and practices to  
17 meet customer needs (Zhao *et al.*, 2011). Within the IPT framework, IQI enables companies to  
18 respond promptly to market changes and quality issues by facilitating cross-functional  
19 information sharing and collaboration (Srinivasan and Swink, 2015). This improved internal  
20 information processing capability allows companies to identify and address quality risks more  
21 quickly, optimize product recall strategies, and thus enhance overall QP. CQI involves the  
22 exchange of products and data between customers and suppliers. Within IPT, CQI is not merely  
23 a process of product delivery but also a critical node for processing quality information. By  
24 understanding customer needs, the organization can effectively integrate external information  
25 and adjust production and supply chain strategies to deliver high-quality products (Lakhal *et*  
26 *al.*, 2006). This information processing function of CQI strengthens collaboration between the  
27 organization and the customer, supports the smooth execution of the PPR process, and  
28 ultimately improves QP.  
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33 In the context of IPT, SCQI acts as a vital information processing mechanism that  
34 enhances the impact of PPR on QP by improving information processing capabilities across  
35 each link in the supply chain, especially in information exchange and collaboration during PPR  
36 implementation. Therefore, we propose the following hypothesis:  
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45 **Hypothesis 6.** Supply chain quality integration mediates the relationship between proactive  
46 product recall and quality performance.  
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49 Based on the above hypotheses, a conceptual model is formulated as in the following figure.

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*Insert Figure 1 here.*

### 3. Methodology

#### 3.1 Questionnaire design

The conceptual model was empirically tested using survey data collected through a questionnaire. Following an extensive literature review designed by scholars specializing in survey research on supply chain management and quality management, the questionnaire was

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3 initially developed in English. Two scholars translated the English version into Chinese, after  
4 which two research assistants back-translated it into English. Any discrepancies were carefully  
5 examined, and adjustments were made to ensure equivalence between the Chinese and English  
6 versions. Pilot tests were conducted during a quality management meeting with managers from  
7 eight manufacturing firms, yielding valuable suggestions on item wording, all of which were  
8 incorporated. The final questionnaire comprised four sections: respondent personal information,  
9 company background information, measurement items for SCQRM practices and SCQI, and  
10 measurement items for QP.  
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### 13 **3.2 Sampling and data collection**

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The questionnaire design for our study utilized a robust dataset initially gathered in 2017,  
focusing on quality issues in the Chinese supply chain. The motivation for using this dataset  
stems from the critical role of Chinese manufacturers in the global supply chain and the  
relatively high frequency of product recalls in China. This dataset was established by Professor  
Zhao's research association, which supports research in China's operations management and  
graciously shares this data for broader scholarly use. We acknowledge and appreciate their  
contribution.

The sample was randomly drawn from three major economic zones in China: the Bohai  
Bay Economic Zone, the Pearl River Delta, and the Yangtze River Delta. These regions are  
known for hosting numerous manufacturing companies and serve as hubs for knowledge and  
innovation in China. Four industries (automotive, food, toys, and pharmaceuticals) were  
selected due to their relatively high incidence of quality issues and increasing rates of product  
recalls.

After controlling for region and industry using the China Industrial Classification codes,  
our sample was derived from the 1,623 manufacturing companies listed in the China Statistical  
Yearbook. Invitations were initially extended to all 1,623 companies, targeting key informants  
such as general managers, presidents, directors, quality managers, and purchasing managers.  
The survey was administered via email, resulting in 400 fully completed responses and yielding  
a response rate of 24.6% (Zhang *et al.*, 2020), as detailed in Table I.

*Insert Table I here.*

To assess potential non-response bias, follow-up calls were made to randomly selected  
contacts at non-participating companies. The most common reasons for non-participation were  
cited as lack of time or interest, suggesting that non-response bias is likely not a significant  
concern (Liu *et al.*, 2016). We compared key demographic characteristics, such as ownership,  
number of employees, and total sales, between responding and non-responding companies. The  
t-statistics revealed no significant differences (Zhang *et al.*, 2020). To address possible



common method bias arising from the single-respondent questionnaire, two steps were taken. First, researchers provided explicit instructions indicating that the questionnaire should be completed by individuals with a comprehensive understanding of their organization's supply chain and quality management practices, such as senior managers responsible for supply chain or quality management. If respondents felt they were not the best individuals to answer certain questions, they were encouraged to consult with or delegate those questions to the most knowledgeable individuals within their organization. This multi-respondent approach helps to ensure that responses are informed by appropriate expertise, thereby reducing the risk of common method bias. Secondly, Harman's one-factor test, utilizing exploratory factor analysis (Podsakoff *et al.*, 2003), was conducted to assess common method bias. The analysis extracted five main component factors, with the maximum variance explained by a single factor at 28.64% (Zhang *et al.*, 2020), indicating that a single-factor model is unacceptable. Thus, common method bias is not considered a significant issue.

### 3.3 Variables and measures

#### 3.3.1 Dependent variable

**Quality performance (QP).** QP was assessed using items derived from Luo *et al.* (2023), selected based on the perspectives of Kaynak (2003), Koufteros *et al.* (2007), Huo *et al.* (2014), Yu and Huo (2019), and Luo *et al.* (2023). The questionnaire included five items evaluating key performance indicators such as product reliability, compliance with design standards, safety, and customer-perceived quality. All items were measured on a seven-point Likert scale, where 1 = significantly worse than the competition and 7 = significantly better than the competition.

#### 3.3.2 Independent variables

**Risk prevention (RP).** RP was measured based on the traditional concept outlined by Kaynak and Hartley (2008) and Tang (2008), with additional considerations from studies emphasizing the benefits of defined responsibilities (Cucchiella and Gastaldi, 2006; Lemke and Petersen, 2013; Li *et al.*, 2015; Tse *et al.*, 2018). The questionnaire included five items capturing both traditional and contemporary perspectives on RP. Responses were recorded on a seven-point Likert scale, ranging from 1 (strongly disagree) to 7 (strongly agree).

**Proactive Product Recall (PPR).** PPR was evaluated through a newly created scale, addressing the limited direct literature on the subject. Primary references were drawn from Tse *et al.* (2018), with additional insights from a comprehensive review of relevant literature assessing proactive product recall strategies. The questionnaire included six items measuring top

management's attitude and the existence of company standards or guidelines for recalls. Responses were recorded on a seven-point Likert scale, ranging from 1 (strongly disagree) to 7 (strongly agree).

### 3.3.3 Mediating variables

**Supply Chain Quality Integration (SCQI).** SCQI was adapted from studies by Huo *et al.* (2014), Yu and Huo (2019), and Huo *et al.* (2019). SCQI was assessed as a second-order latent variable comprising three first-order latent variables: **Supplier Quality Integration (SQI)**, **Internal Quality Integration (IQI)**, and **Customer Quality Integration (CQI)**. SQI, consisting of four items, evaluated how firms engage with suppliers in quality improvement. IQI, represented by five items, measured the ability of cross-functional quality management teams to coordinate and resolve quality-related issues. CQI, assessed through four items, captured the interaction between firms and their customers in quality improvement initiatives. Responses were recorded on a seven-point Likert scale, ranging from 1 (strongly disagree) to 7 (strongly agree).

### 3.3.4 Control variables

This study included **the firm listing status (listed)** and **firm size (Size)** as control variables. Listing status was measured with a dummy variable, assigning a value of 1 for listed firms and 0 for non-listed firms. Firm size was measured on a five-point Likert scale, where a higher score indicated a larger number of employees.

## 3.4 Measurement model

Table II presents the measurement model results for each construct. The Cronbach's alphas (ranging from 0.763 to 0.856) and composite reliability values (ranging from 0.784 to 0.858) for each construct exceeded the established thresholds, affirming the reliability of the construct measures. Similarly, the standardized factor loadings (ranging from 0.583 to 0.814) indicate that the items within each construct effectively measured the same underlying construct, further supporting reliability (Chau, 1997; Chin, 1998).

*Insert Table II here.*

Table III displays the descriptive statistics, correlations, and discriminant validity of the variables, including means and standard deviations. Descriptive statistics for the core variables are shown in the table, while those for the control variables (Listing status with a mean of 0.02 and SD of 0.122, and Size with a mean of 3.690 and SD of 1.276) are summarized separately. The average variance extracted (AVE) values in the table are above or close to the critical threshold, initially supporting the convergent validity of the framework measures. Convergent

validity was further supported by the results of confirmatory factor analysis (CFA) shown in Table III. The model fit indices (CMIN/DF = 1.976,  $p < 0.001$ , RMSEA = 0.049, GFI = 0.894, IFI = 0.929, TFI = 0.918, CFI = 0.929) exceeded acceptable values as recommended by Hair *et al.* (2006). Additionally, the chi-square difference between the restricted and unrestricted models was significant at  $p < 0.01$ , supporting discriminant validity. Furthermore, the table shows that the square root of each AVE exceeds its corresponding correlation values, further affirming discriminant validity. In summary, the results from the measurement model analysis confirm the reliability and validity of the framework measures.

*Insert Table III here.*

## 4. Analysis and results

### 4.1 Hypothesis testing

The results of the structural model analysis are presented in Figure 2 and detailed in Table IV. The path model for the direct effect of RP on QP demonstrated a positive relationship ( $\beta = 0.367$ ,  $p < 0.001$ ), with the model fit considered adequate (CMIN/DF = 2.691,  $p < 0.001$ , RMSEA = 0.065, GFI = 0.950, IFI = 0.956, TFI = 0.942, CFI = 0.956). A one-unit increase in RP was associated with a 0.367-unit increase in QP. Similarly, the path model for the direct effect of PPR on QP showed a positive association ( $\beta = 0.263$ ,  $p < 0.001$ ), with an acceptable model fit (CMIN/DF = 2.559,  $p < 0.001$ , RMSEA = 0.063, GFI = 0.949, IFI = 0.956, TFI = 0.943, CFI = 0.956). A one-unit increase in PPR was associated with a 0.263-unit increase in QP. Thus, hypotheses *H1* and *H2* were supported.

The path model for the indirect effect of the mediators demonstrated acceptable fit (CMIN/DF = 2.038,  $p < 0.001$ , RMSEA = 0.051, GFI = 0.878, IFI = 0.911, TLI = 0.901, CFI = 0.910). The path coefficient between RP and SCQI was positively significant at the  $p < 0.001$  level ( $\beta = 0.550$ ), supporting *H3*. Similarly, the path coefficient between PPR and SCQI was positively significant at the  $p < 0.001$  level ( $\beta = 0.303$ ), supporting *H4*. Additionally, the analysis of the relationship between SCQI and QP showed a significant positive correlation ( $\beta = 0.563$ ) at  $p < 0.001$ , providing preliminary evidence for our mediation effect test.

*Insert Table IV here.*

*Insert Figure 2 here.*

Building on the methodology employed in previous studies (Yolal *et al.*, 2017; Zhai *et al.*, 2020), we rigorously examined the mediating effect of the SCQI using the bootstrap methodology and conducted robustness tests. Based on the skewed distribution of indirect

effects, we generated a sample of 5000 bootstrap samples using 90% bias-corrected confidence intervals to assess the indirect and total effects between RP PPR and QP via the SCQI, following the procedure outlined by Preacher and Hayes (2008). Table V summarizes the results of the mediation tests, which indicate that the SCQI mediates a mediation effect of 0.310 between RP and QP with a confidence interval of (0.129, 0.547). For PPR and QP, the mediation effect of the SCQI was 0.171 with a confidence interval of (0.075, 0.320).

All confidence intervals were non-zero, and these results confirmed that the effects of RP and PPR on QP were mediated by SCQI, and thus *H5* and *H6* were supported. Further analysis reveals that in the path from RP to QP, the indirect effect of SCQI is 0.192 ( $0.375 \times 0.511$ ) (calculated from the standardized coefficients). Meanwhile, in the pathway from PPR to QP, the indirect effect of SCQI was 0.201 ( $0.393 \times 0.511$ ).

*Insert Table V here.*

## 4.2 Robustness checks

### 4.2.1 Removing Items with Low Factor Loadings

Following Chin's (1998) recommendation, we conducted a robustness check by removing items with factor loadings below 0.6. Specifically, we removed two items: RP3 and CQI1. The overall reliability and validity of RP and CQI improved after the removal of RP3 and CQI1, with RP (Cronbach's alpha = 0.799, Composite Reliability = 0.792, AVE = 0.491) and CQI (Cronbach's alpha = 0.771, Composite Reliability = 0.777, AVE = 0.540). The mediation model fit indices (CMIN/DF = 1.961,  $p < 0.001$ , RMSEA = 0.049, GFI = 0.885, IFI = 0.920, TLI = 0.911, CFI = 0.919) exceeded the acceptable values recommended by Hair *et al.* (2006). The results of the structural model and the bootstrapping method, as presented in Tables VI and VII, remained consistent with the initial findings.

*Insert Table VI here.*

*Insert Table VII here.*

### 4.2.2 Removing the "Customer Satisfaction" Item

Given the potential difficulty for managers in accurately assessing "customers' perceived quality," we conducted an additional robustness check by removing the item QP5. The mediation model fit indices (CMIN/DF = 2.038,  $p < 0.001$ , RMSEA = 0.051, GFI = 0.882, IFI = 0.913, TLI = 0.903, CFI = 0.912) exceeded the acceptable thresholds recommended by Hair *et al.* (2006). The results of the structural model and bootstrapping method, shown in Tables VIII and IX, also remained consistent with the original findings.

*Insert Table VIII here.*

*Insert Table IX here.*

## **5. Discussion and conclusion**

### **5.1 Summary of findings**

Our study, guided by IPT, uncovers several critical insights into quality risk management. First, our findings establish a significant positive correlation between RP and QP, as well as between PPR and QP. This highlights the foundational role of RP and PPR in driving QP and sets the stage for further exploration of the underlying mechanisms. Second, we find a positive correlation between RP and SCQI and, similarly, between PPR and SCQI. This suggests that RP and PPR contribute to SCQI by committing to quality externally and fostering a quality-focused culture internally. Third, our study demonstrates that SCQI significantly enhances QP, positioning SCQI as a critical antecedent to QP. Finally, our bootstrapping analysis shows that SCQI is an essential mediator of the positive effects of RP and PPR on QP. Based on IPT, SCQI, as an information processing mechanism, plays a significant mediating role in SCQRM practices; specifically, this study empirically demonstrates that these two SCQRM practices (RP and PPR) improve QP by enhancing supply chain quality information processing, thus contributing to the SCQRM literature.

### **5.2 Theoretical implications**

This research has several important theoretical implications. First, we reveal how two key practices of SCQRM (RP and PPR) improve QP through information acquisition, interpretation, and application by introducing an IPT perspective. Unlike previous studies that focus on broader supply chain risks, such as market turbulence (Srinivasan and Swink, 2018) or sudden disruptions (Lu *et al.*, 2023), few studies have examined the impact of SCQRM on QP, with most only theoretically differentiating between the upstream and downstream practices of SCQRM and their impact on QP (Tse *et al.*, 2018). This study enriches the SCQRM and IPT literature by introducing RP and PPR as preventive and responsive SCQRM practices and empirically examining the mechanisms by which these practices impact QP.

Second, this study extends the application of IPT in SCQRM by demonstrating the mediating role of SCQI as an information processing mechanism. SCQI serves not only as a gateway for information integration but also as a crucial mechanism that facilitates information flow, enabling supply chain parties to efficiently manage uncertainty in quality risk management (Wei *et al.*, 2020; Yu *et al.*, 2019). The capability to interact and collaborate within SCQI across different supply chain nodes (suppliers, internal operations, and customers) allows organizations to enhance overall quality levels by integrating information from various

sources and implementing appropriate measures swiftly.

Finally, we find that each of the three dimensions of SCQI—SQI, IQI, and CQI—plays a specific role in information processing, including the accuracy of information acquisition in supplier management, the consistency of information interpretation within cross-functional teams, and the timeliness of information application in response to customer feedback (Huo *et al.*, 2014; Yu *et al.*, 2019). These findings offer insights into optimizing supply chain quality management through information flow, thus further extending the applicability of IPT in quality management.

### 5.3 Practical implications

Based on IPT, our findings illustrate the pivotal role of SCQI as a mediator in the relationship between SCQRM practices and QP. This insight informs practical recommendations for firms, emphasizing the strategic importance of enhancing internal and cross-supply chain sharing of quality-related information.

To effectively implement SCQRM practices such as RP and PPR, companies must prioritize developing robust information-handling capabilities within their supply chains. This includes fostering closer collaboration and communication with suppliers, internal teams, and customers to ensure that quality-related information is effectively shared across the supply chain network. By doing so, companies can significantly improve their overall QP. Honda's success in China exemplifies this point. Honda's effective integration of quality management processes with suppliers and distributors is a key factor in maintaining its competitive edge in the highly competitive automotive market. This success highlights the importance of a high level of information processing capability—i.e., SCQI—in achieving superior QP, especially in complex and dynamic supply chains.

In summary, organizations aiming to enhance QP should consider strengthening SCQI as a core strategic initiative. By ensuring that quality-related information flows smoothly through all levels of the supply chain, organizations can not only mitigate risk more effectively but also create a more resilient and responsive supply chain, ultimately enhancing their competitive advantage.

### 5.4 Limitations and future research

While this study offers significant contributions to both academic theory and industrial practice, it is essential to acknowledge certain limitations when interpreting the findings.

First, despite our efforts to incorporate the explicit responsibility of top management for RP and attitudes toward PPR, the measurement of these concepts remains underdeveloped in the areas of RP and PPR. Future research could deepen our understanding by employing more

comprehensive surveys to measure these critical aspects. Aligned with IPT, there is also room for developing more refined measures that account for information processing mechanisms, particularly within the contexts of RP and PPR.

Second, our focus was limited to preventive and responsive quality risk management practices. Future research could explore a broader range of quality risk management practices and investigate their impact on a firm's QP throughout the supply chain.

Third, although the reliability and validity of this study met acceptable standards, as indicated by previous research, further improvement is possible (Chau, 1997; Chin, 1998). Future studies could construct more robust measurement items through exploratory factor analysis to enhance the reliability and validity of the study.

Finally, although our data was drawn from four industries with a high likelihood of implementing SCRM, the exclusion of other industries, such as electronics, leaves room for further exploration. Future research could expand its scope to include additional industries, providing insights into the generalizability of our results across a broader array of sectors.

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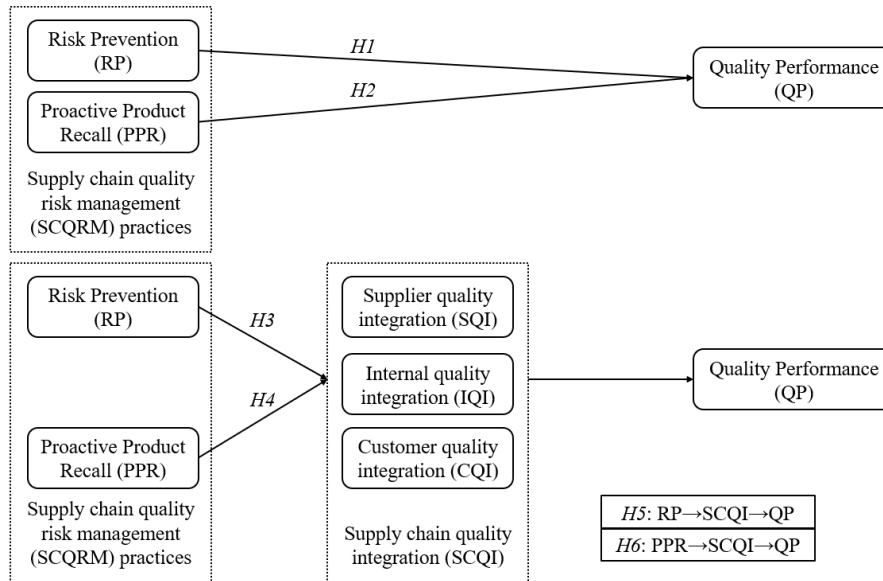
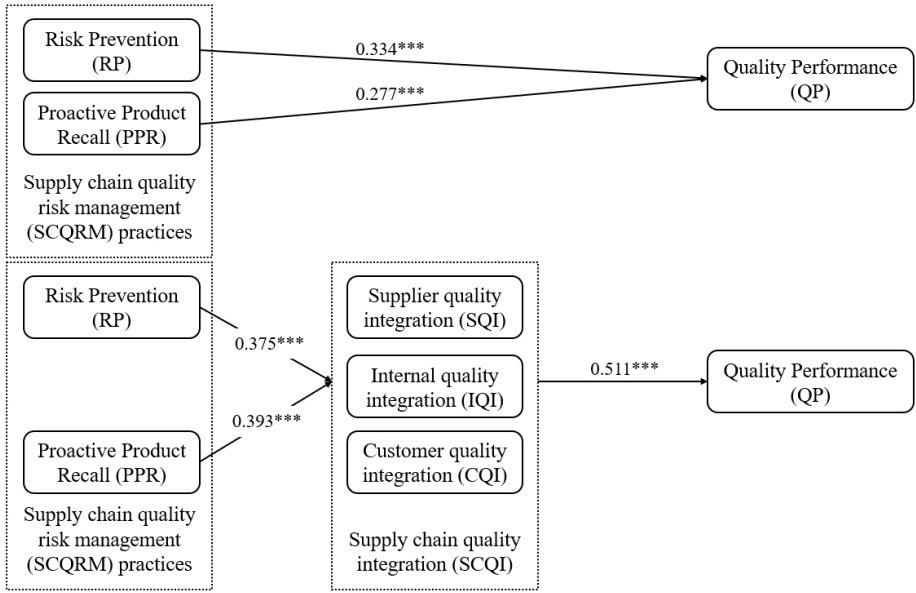


Figure 1 Conceptual model (Notes: The figure shows standardized estimates, \* p< 0.05; \*\* p< 0.01; \*\*\* p< 0.001)

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Notes: The figure shows standardized estimates; \*  $p < 0.05$ ; \*\*  $p < 0.01$ ; \*\*\*  $p < 0.001$

Figure 2 Estimated structural equation model

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**Table I** Profile of Firms

<b>Characteristics</b>	<b>Categories</b>	<b>samples</b>	<b>Percent (%)</b>
<b>Location</b>	Yangzi River Delta	138	34.50
	Bohai Bay Economic Rim	124	31.00
	Pearl River Delta	138	34.50
<b>Ownership types</b>	State-owned	23	5.75
	Private	160	40.00
	Joint venture	60	15.00
	Foreign	139	34.75
	Others	18	4.50
<b>Number of employees</b>	Less than 100	75	18.75
	100-199	100	25.00
	200-499	130	32.50
	500-999	54	13.50
	More than or equal to 1000	41	10.25
<b>Industry</b>	Automobile	100	25.00
	Food	100	25.00
	Toy manufacturing	100	25.00
	Pharmaceutical	100	25.00

**Table II** Construct loading and reliability index

Construct	Indicator	Item loading	T-value	Cronbach's alpha	Composite reliability	AVE
<b>RP</b>	RP1	0.680	-	0.769	0.798	0.442
	RP2	0.622	10.268			
	RP3	0.589	9.274			
	RP4	0.704	16.091			
	RP5	0.721	11.436			
<b>PPR</b>	PPR1	0.627	-	0.834	0.845	0.479
	PPR2	0.693	12.809			
	PPR3	0.638	10.159			
	PPR4	0.685	10.699			
	PPR5	0.674	10.578			
	PPR6	0.814	10.995			
<b>SQI</b>	SQI1	0.642	-	0.763	0.784	0.479
	SQI2	0.785	11.204			
	SQI3	0.605	8.784			
	SQI4	0.721	10.836			
<b>IQI</b>	IQI1	0.662	-	0.830	0.821	0.478
	IQI2	0.752	11.817			
	IQI3	0.690	11.144			
	IQI4	0.675	10.825			
	IQI5	0.675	10.823			
<b>CQI</b>	CQI1	0.583	-	0.782	0.790	0.487
	CQI2	0.763	10.280			
	CQI3	0.678	11.868			
	CQI4	0.752	12.745			
<b>QP</b>	QP1	0.809	-	0.856	0.858	0.549
	QP2	0.805	15.633			
	QP3	0.714	14.044			
	QP4	0.728	13.084			
	QP5	0.635	12.269			

**Note:** All factor loadings are significant at  $p < 0.001$  level.

**Table III** Descriptive statistics, correlations and discriminant validity

Var.	PPR	PRP	SQI	IQI	CQI	QP
<b>Mean</b>	6.288	6.016	5.263	6.250	5.914	6.300
<b>SD</b>	0.740	0.694	1.152	0.647	0.852	0.626
<b>PPR</b>	<b><i>0.692</i></b>					
<b>PRP</b>	0.622**	<b><i>0.665</i></b>				
<b>SQI</b>	0.247**	0.335**	<b><i>0.698</i></b>			
<b>IQI</b>	0.454**	0.489**	0.305**	<b><i>0.692</i></b>		
<b>CQI</b>	0.378**	0.387**	0.455**	0.416**	<b><i>0.741</i></b>	
<b>QP</b>	0.230**	0.345**	0.290**	0.279**	0.333**	<b><i>0.692</i></b>

**Notes:** Var. =Variable. The bold italic numbers in diagonal are the square roots of the average variances extracted; \*\* p< 0.01



**Table IV** Results of structure model

Path	Estimate	S.E.	T-value
RP→QP	0.367***	0.066	5.599
PPR→QP	0.263***	0.049	4.495
RP→SCQI	0.550***	0.147	3.745
PPR→SCQI	0.303***	0.075	4.057
SCQI→QP	0.563***	0.093	6.147
listed→QP	0.613*	0.266	2.302
Sized→QP	-0.042	0.025	-1.638

**Notes:** S.E. =Standard error; \* p< 0.05; \*\* p< 0.01; \*\*\* p< 0.001

**Table V** Results of bootstrapping method

Hypo.	Path	Estimate	Lower	Upper	Result
H5a	RP→SCQI→QP	0.310	0.129	0.547	Supported
H5b	PPR→SCQI→QP	0.171	0.075	0.320	Supported

**Note:** Hypo. = Hypothesis; If the 90% confidence intervals do not contain zero, the effect is regarded as significant

**Table VI** Results of structure model after removing items with factor loadings below 0.6

Path	Estimate	S.E.	T-value
RP→QP	0.369***	0.077	5.228
PPR→QP	0.263***	0.049	4.495
RP→SCQI	0.543***	0.144	3.759
PPR→SCQI	0.305***	0.074	4.144
SCQI→QP	0.564***	0.094	6.000
listed→QP	0.610*	0.268	2.281
Sized→QP	-0.042	0.026	-1.642

**Notes:** S.E. =Standard error; \* p< 0.05; \*\* p< 0.01; \*\*\* p< 0.001

**Table VII** Results of bootstrapping method after removing items with factor loadings below 0.6

Hypo.	Path	Estimate	Lower	Upper	Result
<b>H5a</b>	RP→SCQI→QP	0.172	0.078	0.323	Supported
<b>H5b</b>	PPR→SCQI→QP	0.306	0.121	0.543	Supported

**Note:** Hypo. = Hypothesis; If the 90% confidence intervals do not contain zero, the effect is regarded as significant

**Table VIII** Results of structural Model after removing QP5.

Path	Estimate	S.E.	T-value
RP→QP	0.626***	0.133	4.720
PPR→QP	0.232***	0.052	4.441
RP→SCQI	0.550***	0.147	3.736
PPR→SCQI	0.303***	0.075	4.015
SCQI→QP	0.572***	0.093	6.132
listed→QP	0.572*	0.275	2.083
Sized→QP	-0.035	0.026	-1.314

**Notes:** S.E. =Standard error; \* p< 0.05; \*\* p< 0.01; \*\*\* p< 0.001

**Table IX** Results of bootstrapping method after removing QP5

Hypo.	Path	Estimate	Lower	Upper	Result
H5a	RP→SCQI→QP	0.315	0.130	0.557	Supported
H5b	PPR→SCQI→QP	0.173	0.077	0.324	Supported

**Note:** Hypo. = Hypothesis; If the 90% confidence intervals do not contain zero, the effect is regarded as significant