

SME supplier upgrading during the cooperation life cycle – Evidence from Central and Eastern Europe*

*Marta Gancarczyk, Jacek Gancarczyk***

This paper proposes mechanisms of SME supplier upgrading during the cooperation life cycle, in the CEE context. The methodology consists in 1) confronting and then combining the global value chain governance and the resource-based streams of research on upgrading and learning with the use of the cooperation cycle as a mediator and 2) formulating research hypotheses to be tested in the specific type of case study, namely a prospective case study. According to the findings, in the initial phase of cooperation, upgrading is primarily determined by the network governance mode, which depends on asset specificity, contractual hazards, and supplier capability. At this stage of cooperation, we also identified absorptive capacity as instrumental to introducing customer-driven innovations. During the evolution of cooperation, upgrading is determined by absorptive capacity and dynamic capabilities of the supplier, while the governance mode forms an institutional framework enabling these factors to act.

Key words: supplier upgrading, cooperation life cycle, resource-based view, governance, networks (JEL: M16, M21, L14)

* Manuscript received: 30.04.2015, accepted: 01.11.2015 (3 revisions).

The article was written with the financial support from the Polish National Centre of Science [Narodowe Centrum Nauki] – Decision no. DEC-2013/09/B/HS4/01938. Project “The process of SME growth. Combining the resource-based and transaction cost approaches”.

** Dr hab. Marta Gancarczyk, Associate Professor, Institute of Economics, Finance and Management, Jagiellonian University in Krakow, ul. prof. S. Lojasiewicza 4, 30-348 Krakow, Poland.

E-mail: marta.gancarczyk@uj.edu.pl

Dr Jacek Gancarczyk, Associate Professor, Department of Management in Tourism, Jagiellonian University in Krakow, ul. prof. S. Lojasiewicza 4, 30-348 Krakow, Poland.

E-mail: jacek.gancarczyk@uj.edu.pl