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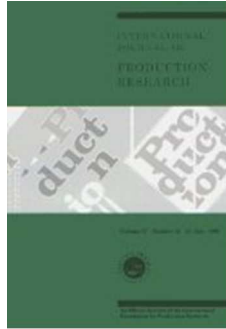
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# Supply Chain Uncertainty: A Review and Theoretical Foundation for Future Research

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# Supply Chain Uncertainty: A Review and Theoretical Foundation for Future Research

## Abstract

Supply chain uncertainty is an issue with which every practicing manager wrestles, deriving from the increasing complexity of global supply networks. Taking a broad view of supply chain uncertainty (incorporating supply chain risk), this paper seeks to review the literature in this area and develop a theoretical foundation for future research. The literature review identifies a comprehensive list of fourteen sources of uncertainty, including those that have received much research attention, such as the bullwhip effect, and those more recently described, such as parallel interaction. Approaches to managing these sources of uncertainty are classified into: ten approaches that seek to reduce uncertainty at its source; and, eleven approaches that seek to cope with it, thereby minimising its impact on performance. Manufacturing strategy theory, including the concepts of alignment and contingency, is then used to develop a model of supply chain uncertainty, which is populated using the literature review to show alignment between uncertainty sources and management strategies. Future research proposed includes more empirical research in order to further investigate: which uncertainties occur in particular industrial contexts; the impact of appropriate sources/management strategy alignment on performance; and, the complex interplay between management strategies and multiple sources of uncertainty (positive or negative).

**Keywords:** *Supply chain uncertainty; supply chain risk; supply chain management; literature review; alignment theory; contingency theory.*

## 1. Introduction

Supply chain uncertainty is an issue with which every practicing manager wrestles (Hult *et al.*, 2010), deriving from the increasing complexity of global supply chain networks, which include increased potential for delivery delays and quality problems (Bhatnagar and Sohal, 2005). As early as Davis (1993), it has been argued that such uncertainties, which “plague complex networks”, are a major problem and important to understand. However, in the intervening years, whilst there has been much research into specific sources of supply chain uncertainty, either relevant to internal manufacturing processes, supply-side processes, or demand-side issues (usually end-customer demand); there are many other distinct sources of uncertainty which have received insufficient attention (Prater, 2005). In addition, there is much recent interest in the related area of supply chain risk (Ritchie and Brindley, 2007; Braunscheidel and Suresh, 2009; Neiger *et al.*, 2009). Such authors have claimed that the repercussions of inadequate risk management policies can have a severe impact on company performance; for example, Hult *et al.*, (2010) list resultant losses for major companies including Cisco, Pfizer and Boeing. Developing a better understanding of both uncertainty and risk therefore remains a pertinent problem in the current competitive market with the many new challenges that continue to unfold in this global and IT-driven arena.

In order to understand and research “supply chain uncertainty”, it is first necessary to define it. Given that this term is often used interchangeably in practice with the term “supply chain risk” (Peck, 2006; Ritchie and Brindley, 2007), it is also essential to clarify how the two terms differ. Some authors in the literature make a clear distinction between the terms “risk” and “uncertainty” (e.g., Courtney *et al.*, 1997; Hillson, 2006); whilst others suggest that the distinction is blurred to the extent that it is not important to distinguish between the two (e.g., Juttner *et al.*, 2003; Peck, 2006; Ritchie and Brindley, 2007; Li and Hong, 2007). Where a difference is argued, a key reason relates to the type of outcome that might be expected. Some authors suggest that risk is only associated with issues that may lead to negative outcomes (Hillson, 2006; Peck, 2006; Wagner and Bode, 2008); whilst issues of uncertainty can have both positive and negative outcomes. For example, the risks associated with a natural disaster can only lead to supply chain problems; whereas uncertainty regarding customer demand can result in demand being either better or worse than expected. It can therefore be argued that the term “supply chain uncertainty” is broader, and can be used to encompass issues that have sometimes only been referred to under the risk banner. Supply chain uncertainty then, as defined here, is a broad term that refers to uncertainties (including

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3 risks) that may occur at any point within a global supply chain network. This definition of  
4 supply chain uncertainty fits with that given by Van der Vorst & Beulens (2002), who add  
5 further depth and clarity as follows:  
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8 *“decision making situations in the supply chain in which the decision maker does not*  
9 *know definitely what to decide as he [or she] is indistinct about the objectives; lacks*  
10 *information about (or understanding of) the supply chain or its environment; lacks*  
11 *information processing capacities; is unable to accurately predict the impact of possible*  
12 *control actions on supply chain behaviour; or, lacks effective control actions (non-*  
13 *controllability).”*  
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20 Having determined that both the uncertainty and risk literature are relevant to a study of  
21 supply chain uncertainty, there is a timely need to undertake a review of the emerging  
22 literature, including the relevant aspects of both terms, in order to establish the current state-  
23 of-the-art and areas in need of further research. To date the reviews published have tended to  
24 either be broad – see for example the review of Supply Chain Management (SCM) by  
25 Burgess *et al.* (2006) – or focussed on other specific areas of SCM – such as performance  
26 metrics (Gunasekaran and Kobu, 2007) and supply chain flexibility (Stevenson and Spring,  
27 2007). Whilst there has also been a recent literature review of quantitative modelling  
28 approaches under uncertainty (Peidro, 2009), no review has yet been published that looks at a  
29 broader set of approaches to the management of supply chain uncertainty. In addition,  
30 although there has been a review of the supply chain risk area (Juttner *et al.*, 2003), this does  
31 not incorporate important contributions to the uncertainty literature or the more recent  
32 research in both areas. There has also not yet been an attempt to determine a comprehensive  
33 understanding of the many sources of uncertainty and how these can be aligned with  
34 management strategies in order to improve supply chain performance, thereby developing  
35 theory in this area. Instead, previous research has tended to focus on the theory of the SCM  
36 paradigm in a broader sense (Chen and Paulraj, 2004; Giannakis and Croom, 2004); on  
37 supply chain risk (Ritchie and Brindley, 2007); or, on narrower aspects of uncertainty such as  
38 supply and demand uncertainty only (Lee, 2002; Sun *et al.*, 2009). This paper seeks to  
39 address these gaps by presenting both a literature review, including the identification of  
40 research gaps, and a theoretical foundation for future research in the supply chain uncertainty  
41 area.  
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3 The remainder of this paper is organised as follows. Section 2 describes the research  
4 method, classifies the literature and establishes the need to first identify sources of  
5 uncertainty. Sources of uncertainty are then identified in Section 3 before Section 4 looks at  
6 the management of these sources of uncertainty. Section 5 presents a theoretical foundation  
7 primarily aimed at future empirical research which aligns supply chain management  
8 strategies with sources of uncertainty; and which can be populated using the literature review  
9 material. Finally, Section 6 draws conclusions and suggests broad topics in need of future  
10 research.  
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## 18 **2. Identifying and Classifying the Literature**

19 The terms 'supply chain uncertainty' and 'supply chain risk' were the primary keywords used  
20 to search the business and management areas of three databases: ABI/INFORM Global  
21 (ProQuest); Business Source Premier (EBSCO); and Academic search complete (EBSCO).  
22 However, the term 'supply chain uncertainty' alone identifies in excess of 20,000 papers, as it  
23 is used in many mathematical modelling papers as well as in conceptual and empirical  
24 studies. As the mathematical modelling papers have already been recently reviewed and tend  
25 to focus on a narrow set of uncertainties (Peidro, 2009), a comprehensive discussion of these  
26 papers is not included here. Instead this review focuses on conceptual and empirical studies.  
27 The review does not claim to be comprehensive in terms of the articles included as many  
28 discuss the same supply chain uncertainty/risk issues; but aims to be comprehensive in  
29 identifying sources of uncertainty; management strategies and existing empirical evidence.  
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38 At the highest level, the literature can be classified in terms of whether it identifies sources  
39 of uncertainty and/or whether it presents uncertainty management strategies, as illustrated in  
40 Figure 1. Sources of uncertainty have been identified primarily by considering the various  
41 models of uncertainty that have been presented by previous authors; these models can  
42 themselves be categorised as also illustrated in Figure 1. Strategies for managing uncertainty  
43 partially come from the same literature sources, but also from other more discursive papers  
44 that focus on particular management approaches, such as supply chain collaboration. This  
45 paper classifies uncertainty management strategies into two broad categories:  
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- 51 • Reducing uncertainty strategies: Any uncertainty management concept that enables  
52 organisations to reduce uncertainty at its source. For example, applying a suitable pricing  
53 strategy or incentive may reduce customer demand fluctuation.  
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- Coping with uncertainty strategies: A strategy which does not try to influence or alter the source of uncertainty. Instead, it tries to find ways to adapt and hence minimize the impact of uncertainty. For example, to cope with customer demand fluctuation, organisations may develop advanced forecasting techniques that enable better prediction of demand and reduce forecasting errors. In this case, although demand uncertainty is not changed, better forecasting results enable organisations to anticipate variations in demand, thereby lessening the impact of the uncertainty.

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A third concept similar to that of coping with uncertainty is mitigation, which refers to any action that may lessen the adverse effects of the outcome of supply chain activities. The concept of mitigation is common in the risk management literature, especially in the context of environmental disruption (Kleindorfer and Saad, 2005; Tomlin, 2006; Wagner and Bode, 2008); and includes having appropriate insurance policies (Miller, 1992). We assume risk mitigation has the same perspective as a coping with uncertainty strategy, and hence we categorise such approaches under this heading for the purposes of this review.

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[Take in Figure 1]

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The main reason for dividing the literature into the two main categories is that it is first necessary to fully understand uncertainty before it can be addressed in practice; and so it is argued here that a full list of supply chain uncertainty *sources* is a pre-cursor to developing appropriate *management strategies*. By developing an understanding of the sources, 14 categories are identified in section 3 below; many of these are themselves shown to be multi-dimensional, illustrating the complexity of the uncertainty phenomena in the supply chain. In addition, sources of uncertainty may be linked and so it is important to consider the impact (positive or negative) that managing one source of uncertainty may have upon another. Similarly, there may be more than one management approach for a particular uncertainty source. Therefore, a comprehensive list of management strategies is also needed before seeking to review how strategies and sources of uncertainty are aligned in the literature. By reviewing the literature, 10 reducing and 11 coping with strategies are identified.

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Key authors for each of the types of supply chain uncertainty model found in the literature are listed in Figure 2; and for uncertainty management approaches in Figure 3. The latter further lists some of the key management strategies including lean management; supply chain integration; supply chain flexibility and agility & risk mitigation. The following two sections



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3 discuss the material in each of the subcategories for sources of uncertainty and management  
4 strategies, respectively.  
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6 [Take in Figures 2 and 3]  
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### 9 10 **3. Identifying Sources of Uncertainty**

11 Sources of uncertainty have been identified and presented in the literature through a number  
12 of models that have evolved over time, gradually becoming more complex. The discussion  
13 below begins with the simplest models that have been proposed in the literature, before  
14 moving on to more recent complex models. As each model is discussed, any additional  
15 sources of uncertainty included in that model will be highlighted. Firstly, an early  
16 contribution was made by Davis (1993) who identified three sources of uncertainty: demand,  
17 manufacturing process, and supply uncertainty. This model suggests that demand and supply  
18 uncertainty have an effect on manufacturing process uncertainty, which in turn affects timely  
19 order fulfilment. Of these, the author suggested that demand uncertainty is commonly  
20 regarded as the most severe type, arising from volatile demand or inaccurate forecasts. This  
21 suggestion is supported by other authors, including van der Vaart *et al.* (1996) and Gupta and  
22 Maranas (2003). In this review, demand uncertainty is split into end-customer demand and  
23 demand amplification; thus four uncertainty sources are derived from this early literature.  
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33 The uncertainty circle model by Mason-Jones and Towill (1998) added a fifth source to  
34 those identified through the early work of Davis (1993): control uncertainty, which is  
35 concerned with the capability of an organization to use information flow and decisions to  
36 transform customer orders into a production plan and raw material requirements (Geary *et al.*,  
37 2006). The supply chain uncertainty circle contains four quadrants: demand side (without  
38 distinguishing between end customer demand and demand amplification); supply side;  
39 manufacturing process and control systems; and the model suggests that reducing these  
40 uncertainties will reduce cost. This is achieved through an integrated supply chain, which is  
41 believed to have minimal uncertainties in each of the four defined areas and hence is a means  
42 of combating uncertainty (Childerhouse and Towill, 2002; Geary *et al.*, 2002; Childerhouse  
43 and Towill, 2004; Lockamy-III *et al.*, 2008). The supply chain uncertainty circle is arguably  
44 an explicitly clearer model than Davis' (1993) framework. Firstly, it is more comprehensive,  
45 given that a fifth factor (control) is added. Secondly, subsequent work that uses this model  
46 suggests its theoretical importance in creating better performance and integration within the  
47 supply chain (e.g., van der Vorst and Beulens, 2002; Yang and Burns, 2003; Childerhouse  
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3 and Towill, 2004). This is due to the use of the model as a means of evaluating the level of  
4 supply chain integration. Wilding (1998) proposed a "supply chain complexity triangle",  
5 which introduces a sixth important source of uncertainty which is labelled parallel  
6 interaction, as illustrated in Figure 4. This relates to complexity that arises due to the way in  
7 which a customer interacts with multiple potential suppliers. For example, when a first-tier  
8 supplier cannot supply its customer, the customer then has to coordinate and make order  
9 revisions with other first-tier suppliers. This disruption creates supplier uncertainty and  
10 reduces supply chain performance. Wilding's (1998) complexity triangle has three key  
11 corners: amplification; deterministic chaos; and parallel interaction, as discussed above.  
12 Amplification is due to the bullwhip effect as identified by prior models, while deterministic  
13 chaos relates, for example, to control systems such as IS systems.

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21 Wilding's (1998) model is a key example of a complexity model and has recently been  
22 enhanced by Prater (2005), who combined this with previous work (e.g., Davis, 1993; Geary  
23 *et al.*, 2002) to develop an important example of a micro/macro model. Prater (2005) not  
24 only highlighted four macro uncertainties but delved deeper to identify eight micro  
25 uncertainties. Macro-level uncertainty is a higher level category of uncertainty, whereas  
26 micro-level uncertainty relates to a more specific source of uncertainty which needs specific  
27 actions. For example, at the macro level is unforeseen uncertainty which then breaks down at  
28 the micro level into the bullwhip effect or parallel effects. Important new sources of  
29 uncertainty that arise from this model are grouped into a seventh source labelled decision  
30 complexity, which relates to the existence of multiple goals with uncertainty regarding the  
31 relative importance of each goal and to the existence of multiple constraints, some of which  
32 may be relaxed.

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42 [Take in Figure 4]

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45 Other contributions can be classified as contingent models as they are made for specific  
46 purposes; for example, van der Vorst and Beulens (2002) studied uncertainty and supply  
47 chain redesign in the food industry; Fisher (1997) developed a model to explain uncertainty  
48 in the fashion industry supply chain supplying innovative products; and, van Donk and van  
49 der Vaart (2005) distinguished between two kinds of uncertainty: volume uncertainty and  
50 mix/specification uncertainty and used these two factors to develop four distinct situations of  
51 supply chain uncertainty. These models identify further sources of uncertainty. In particular,  
52 van der Vorst and Beulens (2002) describe four further uncertainties caused by: chain  
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3 configuration, infrastructure and facilities; order forecast horizon; Information  
4 Technology/Information Systems (IT/IS) complexity; and, human behaviour. In addition, all  
5 three of these papers identify a twelfth source of uncertainty that is linked to specific product  
6 characteristics.  
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10 Within the category of risk models, Miller (1992 and 1993) developed an integrated risk  
11 management framework based on uncertainties faced by firms that operate internationally.  
12 The framework is based on the assumption that uncertainties can be explained by three  
13 factors: general environment, industry and firm. Werner *et al.* (1996) updated this framework  
14 after statistically testing the uncertainty factors. More recently, Juttner *et al.* (2003) and  
15 Christopher and Peck (2004) have differentiated risk sources into three categories: internal  
16 risk (process and control), network related (supply and demand) and external risk and  
17 developed a framework to manage and mitigate risk.  
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21 The studies in the previous paragraph fail to acknowledge IT as a source of risk. Amit *et*  
22 *al.* (2005) argue that although IT solves some problems, paradoxically it can also increase  
23 supply chain vulnerability in some cases due to increasing complexity and reliance on IT.  
24 Other studies, for example, by Bandyopadhyay *et al.* (1999), Finch (2004) and Smith *et al.*  
25 (2007) do discuss IT vulnerability. In addition, Savic (2008) also highlights the importance  
26 of IT (system and technology) risk, suggesting that it is one of five sources of operational  
27 risk: the other four sources discussed by Savic (2008) are organisation, processes and  
28 policies, people, and external events.  
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32 Most of the sources of risk in this literature are also discussed as sources of uncertainty in  
33 the models discussed above. The main contribution of these studies is to expand  
34 understanding of the associated sources of risk/uncertainty. Only two new sources are  
35 identified, adding to the twelve already mentioned above. Thus the thirteenth source is  
36 environmental uncertainties (political, government policy, macroeconomic, and social); this  
37 paper also includes competitive uncertainties within this category. The fourteenth source is  
38 natural uncertainties which are related to natural disasters/accidents.  
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42 From the models described above, a total of fourteen sources of uncertainty have been  
43 identified, as summarised in Table 1. These fourteen sources can be divided into three  
44 groups:  
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48 1. Uncertainties which come from the focal company, i.e., ***internal organisation uncertainty***  
49 and include: product characteristics (U1), manufacturing process (U2), control/chaos (U3),  
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3 decision complexity (U4), organisation/behavioural issues (U5) and IT/IS complexity  
4 (U6).

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7 2. **Internal supply chain uncertainty** that arises within the realm of control of the focal  
8 company or its supply chain partners, and comprises: end-customer demand (U7), demand  
9 amplification (U8), supplier (U9), parallel interaction (U10), order forecast horizon (U11),  
10 and chain configuration, infrastructure and facilities (U12).  
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12 3. **External uncertainties** from factors outside the supply chain, which are outside a  
13 company's direct areas of control, and include: environment (U13), for example,  
14 government regulation, competitor behaviour and macroeconomic issues, and disasters  
15 (U14), for example, earthquake, hurricane and high sea waves.  
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20 [Take in Table 1]  
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23 As discussed in section 2 above, many of the sources of uncertainty are themselves multi-  
24 dimensional. These dimensions are discussed in detail in Appendix 1. For example, supply  
25 uncertainty (U9) can be due to the timing, quality or availability of products; while product  
26 characteristics (U1) can relate to uncertainty regarding a product's specification, packaging,  
27 perishability or the product life cycle and level of variety offered.  
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### 33 3.1 Research Gaps: Sources of Uncertainty

34 Whilst the literature has identified all of these sources, we argue that additional work is  
35 needed to verify many of the sources of uncertainty using further empirical evidence,  
36 particularly where a factor is only identified in a small number of previous publications.  
37 Appendix 1 is comprehensive in indicating the extent of previous research and of the context  
38 in which any empirical evidence has been collected. There is also a need to confirm whether  
39 each factor is significant to the generation of uncertainty in general or in particular industrial  
40 contexts (Yang *et al.*, 2004). In addition, as illustrated in Table 2 below, no single study has  
41 yet included all of the 14 sources; research that looks at the interplay between these sources  
42 and how they are likely to combine in practice in particular settings is also needed.  
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50 [Take in Table 2]  
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53 An example of a factor needing further research is IT which, as discussed above, is an  
54 emerging source which contributes to the generation of supply chain uncertainty, especially,  
55 reliance upon the Internet. Rapid advancement in this area means the role of IT is becoming  
56 more important in every type of business and that, paradoxically, not only does IT solve some  
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3 supply chain problems, it also increases supply chain vulnerability. Although there is a  
4 growing body of research to understand the impact of the Internet on different SCM  
5 activities, authors such as Giménez and Lourenço (2004), Amit *et al.* (2005), Smith *et al.*  
6 (2007), and Savic (2008) argue that current research activity lacks clarity and that there is  
7 more to learn about the effects of IT and the Internet on supply chain management.  
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#### 11 12 13 **4. Identifying Supply Chain Uncertainty Management Strategies**

14 Having identified a comprehensive list of the sources of uncertainty, this paper now seeks to  
15 identify a comprehensive list of management approaches. As discussed in section 2 above,  
16 these approaches are classified into reducing uncertainty and coping with uncertainty  
17 strategies. Ten of the former are identified in the discussion in section 4.1; whilst eleven of  
18 the latter are discussed in section 4.2. Research gaps specific to the management strategies  
19 themselves are described in section 4.3.  
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##### 24 25 26 *4.1 Reducing Uncertainty Strategies*

27 Firstly, Davis (1993) proposed three reducing uncertainty strategies: total quality control;  
28 new product design, and supply chain redesign. The first two strategies can be used to reduce  
29 process uncertainty (Geary *et al.* 2002; Gerwin, 1993); whilst the latter can reduce supply and  
30 demand related uncertainty. Elements of the supply chain to consider for redesign include:  
31 (1) chain configuration, e.g. structure, facilities, members involved; (2) chain control, i.e.  
32 decision functions that manage execution of operational activities and strategic objectives; (3)  
33 chain information systems; and (4) chain organization and governance, i.e. responsibilities  
34 and authorities (van der Vorst and Beulens, 2002; Bhatnagar and Sohal, 2005).  
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41 In addition to the redesign of supply chain configuration and/ or infrastructure, van der  
42 Vorst and Beulens (2002) also suggested two other strategies for reducing uncertainty.  
43 Firstly, collaboration with key suppliers and customers helps to break barriers between  
44 supply chain stages; this may reduce uncertainty related to decision making complexity  
45 within the system, as also suggested by Helms *et al.* (2000) and Charu and Sameer (2001).  
46 Secondly, human behaviour related uncertainty can be reduced by limiting the role of humans  
47 in the process. This could be achieved by utilising process automation or otherwise  
48 simplifying bureaucratic decision making policies and procedures.  
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54 The concept of collaboration has been further studied by authors who suggest that the  
55 “seamless supply chain”, where every member of the chain is highly integrated and “acts as  
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3 one”, will lead to reductions in process, supply, demand and control uncertainty  
4 (Childerhouse and Towill, 2002, Geary *et al.* 2002, and Childerhouse and Towill, 2004).  
5 Here, an integration strategy means extending the management systems upstream to suppliers  
6 and downstream to customers, having first achieved functional and internal integration. For  
7 example, Geary *et al.* (2002) discussed the "well-trodden path" as a systematic way towards a  
8 seamless supply chain in which control uncertainty is reduced firstly in conjunction with  
9 process uncertainty, then in conjunction with supply, and finally, with demand uncertainty.  
10 This requires the elimination of waste through lean strategies and the synchronisation of  
11 material flows throughout the supply chain. A recent study of U.S. and European firms by  
12 Lockamy-III *et al.* (2008) supports the viability of seamless supply chains. However, their  
13 research is universalistic rather than addressing specific industry contexts; whereas lean (or  
14 efficient) approaches are generally associated with the production of standard products rather  
15 than the customised products associated with the agile supply chain and therefore not  
16 appropriate to all contexts.

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18 Whether a lean or agile supply chain is appropriate, effective information sharing is  
19 usually an essential part of a collaboration strategy, and firms will often rely on the  
20 application of Information and Communication Technology (ICT) for this purpose  
21 (Gunasekaran and Ngai, 2004). These ICT solutions may then provide the basis for an  
22 appropriate Decision Support System (DSS), which in turn may reduce control uncertainty by  
23 enhancing the process and quality of decision making (Mason-Jones and Towill, 1998;  
24 Mason-Jones and Towill, 2000; Childerhouse and Towill, 2004). However, mismanagement  
25 of the information sharing process, involving for instance, inaccurate data, may cause  
26 difficulties in making good decisions; hence, control uncertainty may increase. To reduce  
27 uncertainty related to ICT complexity, Deane *et al.* (2009) discussed various approaches,  
28 such as periodic employee training and awareness, periodic testing and review procedures,  
29 monitoring/logging procedures, backup and recovery procedures, and protection for all  
30 sensitive informational assets.

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32 Another approach to reducing demand uncertainty is pricing strategy/promotion incentives  
33 (Lee *et al.*, 1997; Gupta and Maranas, 2003). Well-established research in this area suggests  
34 that revising prices or using controlled marketing promotions are effective ways of reducing  
35 the bullwhip effect.

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37 Finally, Fisher (1997) proposed responsive stock replenishment, where the period of  
38 planning is shorter than the forecast horizon, to reduce uncertainty related to innovative



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3 products which are characterized by a short product lifecycle and a wide variety of products.  
4 An empirical study in the food industry revealed that by applying a shorter stock  
5 replenishment cycle (less than one month) than the minimum product life cycle (six months),  
6 the case company was able to satisfy demand and had sufficient time to sell off excess stocks  
7 in the case of end-of-product-life items.  
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11 In summary, the strategies discussed above from the literature for reducing uncertainty can  
12 be categorised into 10 types (R1 –R10) as further defined in Table 3 below. These strategies  
13 are lean operations, product design, process performance measurement, DSS, collaboration, a  
14 shorter planning period, decision policy and procedures, ICT system, pricing strategy, and  
15 redesign of chain configuration and/ or infrastructure.  
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20 [Take in Table 3]  
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#### 24 4.2 Coping with Uncertainty Strategies

25 Supply chain flexibility has been suggested as an approach for coping with sources of  
26 uncertainty (Prater *et al.*, 2001; Sawhney, 2006; Gosling *et al.*, 2010). For example,  
27 Sawhney (2006) developed a transformation framework of flexibility by adapting  
28 transformation system theory (inputs, processes, and outputs). At the input stage, an  
29 organisation creates input flexibility by employing multiple suppliers (Sawhney, 2006).  
30 However, adding more suppliers may increase supply risk, such as quality issues or delivery  
31 reliability, especially for sourcing critical items and the cost is also higher for managing  
32 multiple suppliers (Lee, 2002). Therefore, a careful balance is needed. At the process stage,  
33 labour flexibility and machine flexibility can be used to manage equipment, people, and  
34 infrastructure uncertainty (Sawhney, 2006). At the output stage, customer flexibility is used  
35 when customers are less sensitive to delivery dates or products (Prater *et al.*, 2001; Pujawan,  
36 2004).  
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45 Further strategies to cope with demand uncertainty include: postponement (Yang *et al.*,  
46 2004, Yang and Yang, 2010, Lee and Billington, 1995); information sharing between a  
47 manufacturer and its downstream partners, such as retailers (Lee and Padmanabhan, 1997);  
48 support from ICT systems (Towill and McCullen, 1999; Prater, 2005); use of strategic buffer  
49 stocks (Davis, 1993; Helms *et al.*, 2000; Wong and Arlbjorn, 2008); and, lead time  
50 management (Prater *et al.* 2001). The latter entails making delivery lead time promises to  
51 retailers that are longer than the actual lead time, providing the manufacturer with the  
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3 flexibility to cope with unexpected changes in orders caused by end-customer demand  
4 uncertainty. This has the obvious disadvantage of reducing speed to market and so is only  
5 appropriate in contexts in which speed is not a competitive priority.  
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8 Drawing on the risk management literature, financial measures such as insurance is one of  
9 the most common strategies for mitigating risk, and hence lessens the severity of disruptions,  
10 such as natural disasters, on supply chain activities (Kleindorfer and Saad, 2005; Tang, 2006;  
11 Ritchie and Brindley, 2007).  
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14 Finally, it is noted that a great deal of research can be found related to coping with  
15 uncertainty using advanced quantitative techniques; the recent study by Peidro *et al.* (2009)  
16 reviews and classifies quantitative techniques for supply chain planning under uncertainty.  
17 The detail behind the quantitative models subcategory of our review is beyond the scope of  
18 this paper; however, the reader may refer to the following for examples of relevant research  
19 in this area (Koh and Saad, 2002, Gupta and Maranas, 2003, Kwon *et al.*, 2007) and to the  
20 recent literature review mentioned above (Piedro, 2009).  
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23 In summary, the literature suggests eleven strategies for coping with uncertainty, as  
24 summarised in Table 3, and labelled C1-C11 in the remainder of the paper. These strategies  
25 are: postponement, volume/delivery flexibility, process flexibility, customer flexibility,  
26 multiple suppliers, strategic stocks, collaboration, ICT system, lead time management,  
27 financial risk management, and quantitative techniques. It is noted that collaboration is also  
28 included as a reducing uncertainty strategy, given that it can be used both to reduce  
29 uncertainty by sharing better supply chain information and to cope with uncertainty when it  
30 arises unexpectedly. Similarly, ICT appears in both categories. Thus, in total, 21 management  
31 strategies for coping with/reducing uncertainty have been identified in the literature.  
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#### 4.3 Research Gaps: Uncertainty Management

One of the key areas for further research is to develop more contingency-based research in the management of supply chain uncertainty. For example, as discussed above, previous research into supply chain integration to create a seamless supply chain is unlikely to be applicable in all contexts given its reliance on lean, making it less flexible in the face of disruptions (Hines *et al.*, 2004). The study by Geary *et al.* (2002) only uses automotives and its related industry as an example, and while the later study by Lockamy-III *et al.* (2008) is a survey of a large number of firms, it does not attempt to identify specific contexts in which this approach will apply, but rather adopts a universalistic standpoint. In addition, with the increasing number of global supply chain members, the challenge to coordinate becomes more critical, especially when product life cycles are short.

A second area of research is the viability of management strategies, particularly where their implementation incurs costs. For example, although Stevenson and Spring (2007) suggest that flexible capabilities may lead to a competitive advantage when a firm's competitors are unable to deal with uncertainty, other authors note that such flexibility is costly (Gunasekaran and Ngai, 2004). Therefore, further research is needed to analyse 'optimal' flexible solutions which do not unduly sacrifice cost effectiveness.

Further areas of research include the need to consider the impact of each management strategy on sources of uncertainty, and to verify this through empirical research. To discuss this further, it is first necessary to build a theoretical foundation for future research, as described in the following section.

### 5. Building a Theoretical Foundation for Future Research

As a lens through which to study supply chain uncertainty, this section builds a theoretical model by drawing on manufacturing strategy theory, which is itself based on contingency and alignment theory, as explained below. Thus the rationale for the theoretical model is first justified, before being outlined and then populated using the material from the literature reviewed above.

Manufacturing strategy theory acknowledges that manufacturing strategy is influenced by environmental uncertainty and is a major determinant of business performance (Swamidass and Newell, 1987). The rationale underlying this theory is that there is a causal relationship between a firm's external environment and its strategic profile; and that, in turn, the manufacturing strategy, selected from strategic choices, has a major effect on performance

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3 (Swamidass and Newell, 1987; Ho *et al.*, 2005). The theory of manufacturing strategy has  
4 been used in previous supply chain research; for example, Ward *et al.* (1995) used the theory  
5 to empirically investigate the effects of the environment on performance in manufacturers in  
6 Singapore; Tracey *et al.* (2005) used the constructs of the theory to test supply chain  
7 capabilities; and Sawhney (2006) adapted the theory to develop a transformation model of  
8 supply chains by using variables of flexibility and uncertainty. It is therefore argued to be of  
9 relevance to the general area of supply chain management.  
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15 The theory of manufacturing strategy has been argued to be linked to contingency theory  
16 (Ward *et al.*, 1995; Ho, 1996); and hence can also be described as a contingency model.  
17 Contingency theory proposes that the most appropriate approach to management strategy in a  
18 particular context is dependent upon a set of "contingency" factors – which may include  
19 uncertainty of the environment, i.e., the relevant sources of uncertainty (Downey and Slocum,  
20 1975; Tosi Jr and Slocum Jr, 1984; Ho, 1996; Wagner and Bode, 2008). A further concept  
21 which is relevant to the theory of manufacturing strategy is that of "alignment", although this  
22 is not explicitly referred to by Swamidass and Newell (1987). In the context of alignment  
23 theory, Drazin and Van De Ven (1985) argue that fit or alignment is the key issue in a  
24 contingency theory based model; an organisation should develop a strategy which aligns its  
25 strategic choices with environmental requirements, as also discussed in the studies by  
26 Mintzberg (1978), Ho (1996), and Wagner and Bode (2008). If this alignment is in place,  
27 then it will lead to improved business performance. In the context of supply chain  
28 uncertainty, it can be argued that the performance of an organisation is strongly related to the  
29 "alignment" between: (i) sources of uncertainty and managerial perceptions of them  
30 (Lawrence and Lorsch, 1967); and, (ii) the choice of uncertainty management strategy (Ward  
31 *et al.*, 1995; Christopher, 2006). Thus alignment theory can be argued to apply, as  
32 confirmed by the research of Lee (2002) and Sun *et al.* (2009), in which alignment between  
33 the levels of demand and supply uncertainty and archetypal management strategies –  
34 efficient, responsive, risk-hedging and agile – are shown to have a positive impact on  
35 perceived performance.  
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3 strategy theory is first enhanced to indicate that this will refer to all sources of uncertainty. It  
4 is important to clarify that such sources may be external to the supply chain or internal to it,  
5 as identified in Section 3 above. Thus the term “environment” is used broadly in Figure 5 to  
6 include any factors in a particular context that affect the choice of management strategy in the  
7 middle box. Secondly, this literature review in Section 4 above has identified the relevant  
8 content variables that are needed to operationalise the concept of supply chain uncertainty  
9 management strategies. However, the process by which strategic decisions are made in an  
10 organisational setting (the process variable) is beyond the scope of this review, but  
11 nonetheless included in Figure 5 for completeness. To pursue research in this topic, the  
12 reader is referred to Neiger *et al.* (2009) and Hult *et al.* (2010) for recent papers looking at the  
13 process of identifying supply chain risks and of assessing risks in practice, respectively.  
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22 [Take in Figure 5]  
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24 Figure 5 also includes a feedback loop between uncertainty management strategies and  
25 sources of uncertainty. This feedback loop acknowledges that attempts to manage a source of  
26 uncertainty can sometimes have an impact on that source of uncertainty itself either  
27 positively or negatively; or on another source of uncertainty. For example, a strategy to  
28 implement an ERP system may improve production planning and reduce control uncertainty;  
29 on the other hand, a high dependency on such a computer-based system may initiate another  
30 uncertainty, for example in terms of delayed processes caused by computer/hardware  
31 problems.  
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38 The theoretical model in Figure 5 can be populated using the identified 14 sources of  
39 uncertainty and the 21 management strategies from the literature review, as shown in Figure  
40 6 below. However, before discussing which of the uncertainty management strategies  
41 identified in Section 4 above has been aligned with each specific source of uncertainty in the  
42 literature, thereby populating the theoretical framework, it is first necessary to consider the  
43 literature on measuring the impact of management strategies on performance. Melnyk *et al.*  
44 (2004) suggest that to maintain consistency of alignment and coordination, a performance  
45 measurement system is required. Performance measurement is also an important process to  
46 assess the viability of a strategy to improve performance (Gunasekaran *et al.*, 2001).  
47 Previous studies have discussed ways to understand and measure the effectiveness of supply  
48 chain strategies (e.g., Beamon, 1999; Neely, 1999; Gunasekaran *et al.*, 2001; Chan, 2003;  
49 Kleijnen and Smits, 2003; Melnyk *et al.*, 2004). These studies, however, have different  
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3 approaches to performance measures. For example, Beamon (1999) classifies measures in  
4 three categories – output, resource, and flexibility; Gunasekaran *et al.* (2001) categorise  
5 measures on strategic, tactical, and operational levels; Kleijnen and Smits (2003) suggest  
6 employing a balanced scorecard; and Melnyk *et al.* (2004) propose four distinct measures –  
7 financial/outcome, financial/predictive, operational/outcome, and operational/predictive.  
8 Despite these different perspectives, performance measures can be broadly categorised as  
9 financial measures (e.g., raw material cost, sales revenue, manufacturing cost, inventory cost,  
10 and transportation cost) and non-financial measures (e.g., cycle time, customer service level,  
11 inventory levels, resource utilization, and quality).  
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19 [Take in Figure 6]

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21 In terms of supply chain uncertainty research, previous studies have tended to only  
22 provide general explanations about the impacts of uncertainty management strategies on  
23 performance. For example, Mason-Jones and Towill (1998) and Geary *et al.* (2002) explain  
24 that reducing four sources of uncertainty (*demand, process, supply* and *control*) will improve  
25 *financial* performance (e.g. in terms of cost reduction). Here, a specific performance measure  
26 – *cost* – is affected by the collective management of several sources of uncertainty at once.  
27 Other studies, e.g., Davis (1993), Yang *et al.* (2004), and Prater (2005), propose an  
28 uncertainty management strategy to improve supply chain performance, but without explicit  
29 explanation of any performance measures. The lack of explanation on specific performance  
30 measures makes it difficult to use previous studies to determine the actual expected changes  
31 in performance. In practice, it is of course often difficult to determine the effect of a  
32 particular strategy on any performance measure, as there are so many factors at play.  
33 Nonetheless, a greater understanding of the effects of strategies on the competitive position of  
34 an organisation is essential for managers in the field. Thus, although the theoretical model  
35 assumes appropriate alignment will improve performance, further research is needed to  
36 determine the effect of many of the supply chain management strategies listed in Figure 6.  
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48 For each dimension of each source of uncertainty, Appendix 2 tabulates the management  
49 strategies with which it has been linked in the literature. In these tables, the effect of these  
50 strategies on performance is only indicated when previous studies provide specific  
51 information. Appendix 2 also shows that empirical evidence is provided in a minority of  
52 areas, with secondary data or conceptual research being more common grounds for proposing  
53 the alignment. This detailed analysis is summarised in Figure 7, where a distinction is made  
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3 between: (1) uncertainty/management strategy links supported by empirical evidence for at  
4 least one dimension of the source (referred to as “strong empirical evidence”); (2) links where  
5 there is only secondary empirical evidence for at least one dimension of the source of  
6 uncertainty (referred to as “limited empirical evidence”); and (3) links with no empirical  
7 evidence.  
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11 [Take in Figure 7]  
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14 There are some patterns in Figure 7 worthy of comment. Firstly, for sources of  
15 uncertainty that are due to the internal organisation, the methods of managing uncertainty  
16 tend to be concentrated under the reducing category. In contrast, reducing and coping  
17 strategies have a similarly important role to managing uncertainty internally, whilst, for  
18 sources of uncertainty that are external to the organisation, all of the strategies are in the  
19 coping category. This would suggest that reducing uncertainty is always preferable where  
20 feasible, as the long term benefits outweigh the costs which may only be apparent in the short  
21 term, although empirical research is needed to confirm this. Secondly, approaches including  
22 lean, collaboration and flexibility are most able to address several of the sources of  
23 uncertainty. This supports the current emphasis on flexibility/agility and lean as key  
24 approaches in the literature; and, confirms that more research is needed into the complex  
25 issue of collaboration, including the quality of the relationship between collaborators which  
26 may involve trust, confidence and/or power (Burgess *et al.*, 2006). In general, the figure  
27 highlights the lack of strong empirical evidence for most links between uncertainty sources  
28 and management strategies. Most of the strong empirical evidence is for the most well-known  
29 sources of uncertainties, such as product, manufacturing process and supplier uncertainty. In  
30 contrast, there is no empirical evidence on how to manage parallel interaction, and there is no  
31 strong empirical evidence that links uncertainties that are external to the supply chain to  
32 management strategies.  
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46 As shown in Appendix 2, several strategies have been proposed for many of the specific  
47 dimensions of sources of uncertainty, thus suggesting that both reducing and coping with  
48 strategies can be applied independently or together for each source of uncertainty. It can also  
49 be argued that some strategies can be used to either reduce or cope with uncertainty when  
50 dealing with different types of uncertainty. For example, real-time ICT may *reduce* the effect  
51 of demand amplification (U8) and may help to *cope with* fluctuations in end-customer  
52 demand (U7). The former results from technology solutions that enable direct access to end-  
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3 customer sales information, which in turn enhances the accuracy of manufacturing production  
4 planning (van der Vorst and Beulens, 2002). However, this flow of information does not  
5 influence end-customer demand fluctuations in itself, so for this source of uncertainty, real-  
6 time ICT helps the manufacturer to minimize the impact.  
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10 It is noted that whilst the links between sources of uncertainty and management strategies  
11 draw heavily on literature evidence, the model is nonetheless considered to require further  
12 clarification with empirical evidence to both verify the links and develop a better  
13 understanding of them. As discussed, for the link between a management strategy and its  
14 impact on performance, there is very little evidence in the literature and so here, rigorous  
15 empirical study is needed to populate the theory further, perhaps removing some links where  
16 the impact on performance is negligible. For example, the literature has suggested that  
17 uncertainty regarding end-customer demand can be reduced using pricing strategies or can be  
18 coped with using: postponement, strategic stocks, real-time ICT, lead time management or  
19 quantitative models. However, it is not yet clear which of these approaches is widely used in  
20 practice, which is most effective in terms of performance or whether there are circumstances  
21 in which one may be preferred over another. There is also a question regarding whether there  
22 is any interplay between the various uncertainty management approaches, i.e., whether  
23 solving one source of uncertainty can influence (positively or negatively) other sources of  
24 uncertainty. Finally, the proposed theoretical model makes no distinction between different  
25 degrees of uncertainty for each source; whereas the degree could vary in practice from being  
26 of low concern within an organisation to being of very high concern. Understanding the  
27 degree of uncertainty and hence concern for each source may be important in prioritising  
28 management actions. However, as most of the current literature does not address the degree,  
29 there is as yet insufficient evidence to include this in the theoretical model. A notable  
30 exception is the research by Sun *et al.* (2009), which considers high and low levels of demand  
31 and supply uncertainty, showing that alignment will vary according to the level. Extending  
32 their research into other sources of uncertainty is also a rich area for future research.  
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48 Finally, the development of the theoretical framework described above has been driven by  
49 the use of contingency and alignment theory, providing a high level theory for future  
50 research. However, it is acknowledged that several other candidate theories exist for the study  
51 of specific links between sources of uncertainty and their management strategies. For  
52 example, agency theory in particular offers a potentially important interpretive frame for  
53 future empirical research. Agency theory attempts to explain the relationship between one  
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3 party (the principal) and another (the agent), to which work is delegated (e.g. Jensen and  
4 Meckling, 1976; Eisenhardt, 1988 and 1989). Delegating work involves an element of  
5 uncertainty and presents clear potential for moral hazard or opportunistic behaviour on the  
6 part of the agent (Eisenhardt, 1989; Rosetti & Choi, 2008). More specifically, moral hazard is  
7 likely to occur when the agent has an incentive to gain financially at the principal's expense.  
8 For example, there are clear opportunities for moral hazard when multiple suppliers interact  
9 or collude with one another, i.e. parallel interaction. Suppliers of the same material may, for  
10 example, collude in order to withhold stocks and increase the price that buyers are prepared  
11 to pay. The suggestion in this literature is that moral hazard can be overcome if the principal  
12 can increase goal congruence with the agent, such as through contracts and incentives;  
13 collaboration may also be an important practice as suggested in Figure 7.  
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## 22 **6. Conclusion**

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24 Using existing models of supply chain uncertainty, and other related literature on uncertainty  
25 and risk, this review has developed a theoretical foundation for future research in this area.  
26 The resulting theoretical model provides a framework for further analysis and practical  
27 application. It has sought to be comprehensive in determining a full set of sources of  
28 uncertainty, and 14 key areas have been identified, as described in Table 1; and a full set of  
29 uncertainty management strategies, grouped into 10 strategies for reducing uncertainty and 11  
30 strategies for coping with uncertainty, as described in Table 3. Many of the sources of  
31 uncertainty have been shown to be multi-dimensional, and the appendices provide a full set  
32 of these dimensions along with the associated literature and management strategies.  
33 Appendix 2 also indicates the expected improvements in performance when strategies are  
34 appropriately aligned with sources of uncertainty when literature evidence has specified the  
35 expected changes in key performance metrics.  
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45 The review concludes that there are many sources of uncertainty and management  
46 strategies that still require future research in their own right. These include the effects of  
47 parallel interaction, decision complexity and IT complexity. However, more importantly,  
48 there have been no previous studies that have sought to take a comprehensive view of supply  
49 chain uncertainty and to look at the interplay between the various sources of uncertainty and  
50 management strategies. Moreover, there has been insufficient empirical research in this area  
51 to validate the proposed theories and establish the effects of strategies on performance.  
52 Therefore, there is also a research gap to carry out empirical case study or action research to  
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3 simultaneously consider all of the sources of uncertainty in the model shown in Figure 7 in  
4 order to determine which are key in a particular context, and how these should be managed.  
5 Such research should pay particular attention to the effects of attempts to manage uncertainty  
6 both on the sources of uncertainty themselves, and on other key performance measures.  
7 There is scope for such research in all sectors of the manufacturing industry, as well as  
8 service supply chains. However, contexts with inherent uncertainty and global supply  
9 networks, such as the food industry, may provide the richest context for such research; and,  
10 may also generate new sources of uncertainty and management strategies.

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12 In terms of managerial implications, this review addresses a complex issue which many  
13 managers seek to address. Figure 7 provides such managers with a starting point for firstly  
14 developing a better understanding of the uncertainty phenomenon in their organisation; and,  
15 secondly for considering alternative ways to manage specific aspects of it. Further research  
16 is needed to assess the process by which this theory can be embedded into the managerial  
17 decision making processes of an organisation. In particular, in carrying out the empirical  
18 research suggested above, it will be important to look at how to prioritise the uncertainties to  
19 be addressed in a given industrial setting and which management actions are most effective in  
20 reducing more than one key source of uncertainty at once.  
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Table 1: Sources of Uncertainty

	Factors / Variables	Description & Key Literature
U1	<b>Product Characteristics</b>	Product life cycle, packaging, perishability, mix or specification <i>Miller (1992), van der Vorst &amp; Beulens (2002), Yang et al. (2004), van Donk and van der Vaart (2005)</i>
U2	<b>Process/Manufacturing</b>	Machine break downs, labour problems, process reliability, etc <i>Miller (1992), Davis (1993), Mason-Jones &amp; Towill (1998), van der Vorst &amp; Beulens (2002), Christopher &amp; Peck (2004), Sheffi &amp; Rice (2005), Sawhney (2006), Lockamy-III et al. (2008)</i>
U3	<b>Control/Chaos/Response Uncertainty</b>	Uncertainty as a result of control systems in the supply chain e.g. inappropriate assumptions in an MRP system <i>Mason-Jones &amp; Towill (1998), Wilding (1998), Christopher &amp; Peck (2004), Rodrigues et al. (2008), Lockamy-III et al. (2008)</i>
U4	<b>Decision complexity</b>	Uncertainty that arises because of multiple dimensions in decision making process e.g. multiple goals, constraints, long term plan etc <i>van der Vorst &amp; Beulens (2002), Prater (2005), Xu &amp; Beamon (2006)</i>
U5	<b>Organisation structure &amp; Human behaviour</b>	E.g. organisation culture <i>Miller (1992), van der Vorst &amp; Beulens (2002), Sheffi &amp; Rice (2005)</i>
U6	<b>IT/IS Complexity</b>	The realization of threats to IT use in the application level, organizational level and inter-organizational level e.g. computer viruses, technical failure, unauthorized physical access, misuse, etc <i>Bandyopadhyay et al. (1999), van der Vorst &amp; Beulens (2002), Deane et al. (2009)</i>
U7	<b>End Customer Demand</b>	Irregular purchases or irregular orders from final recipient of product or service <i>Miller (1992), Davis (1993), Fisher (1997), Mason-Jones &amp; Towill (1998), van der Vorst &amp; Beulens (2002), Christopher &amp; Peck (2004), Yang et al. (2004), Prater (2005), van Donk &amp; van der Vaart (2005), Rodrigues et al. (2008), Lockamy-III et al. (2008)</i>
U8	<b>Demand Amplification</b>	Amplification of demand due to the bullwhip effect <i>Davis (1993), Fisher (1997), Mason-Jones &amp; Towill (1998), Wilding (1998), Yang et al. (2004), Prater (2005), van Donk &amp; van der Vaart (2005), Lockamy-III et al. (2008)</i>
U9	<b>Supplier</b>	Supplier performance issues, such as quality problems, late delivery etc <i>Miller (1992), Davis (1993), Mason-Jones &amp; Towill (1998), van der Vorst &amp; Beulens (2002), Christopher &amp; Peck (2004), Yang et al. (2004), Prater (2005), Sawhney (2006), Lockamy-III et al. (2008); Neiger et al. (2009)</i>
U10	<b>Parallel interaction</b>	Parallel interaction refers to the situation where there is interaction between different channels of the supply chain in the same tier <i>Wilding (1998), van der Vorst &amp; Beulens (2002), Prater (2005)</i>
U11	<b>Order forecast horizon / Lead-time gap</b>	The longer the horizon, the larger the forecast errors and hence there is greater uncertainty in the demand forecasts <i>van der Vorst &amp; Beulens (2002), van Donk &amp; van der Vaart (2005)</i>
U12	<b>Chain configuration, infrastructure &amp; facilities</b>	E.g. number of parties involved, facilities used or location, etc <i>Miller (1992), van der Vorst &amp; Beulens (2002)</i>
U13	<b>Environment</b>	E.g. Political, government policy, macroeconomic and social issues; competitor behaviour <i>Miller (1992), Christopher &amp; Peck (2004), Yang et al. (2004), Rodrigues et al. (2008); Boyle et al. (2008)</i>
U14	<b>Disruption/Natural Uncertainties</b>	E.g. earthquake, tsunamis, non-deterministic chaos etc. <i>Miller (1992), Christopher &amp; Peck (2004), Kleindorfer &amp; Saad (2005), Prater (2005), Tang (2006), Tomlin (2006)</i>

Table 2: Uncertainty Factors and Comparison of Literature

	Factors / Variables	Early Model (Davis, 1993)	Uncertainty Circle Model (Mason-Jones & Towill, 1998)	Supply Chain Complexity Triangle Model (Wilding, 1998)	Micro/Macro Uncertainty Model (Praet, 2005)	Contingent Model (van der Vorst & Beulens, 2002)	Contingent Model (van Donk & van der Vaart, 2005)	Process Maturity Model (Lockamy-III et al., 2008)	Integrated Risk Model (Miller, 1992)*	Risk Sources Model (Christopher & Peck, 2004)*	IT Vulnerability Model (Smith et al., 2007)	Operational Risk Model (Savic, 2008)*	New Model
1	Product Characteristic					X	X		X				X
2	Manufacturing Process	X	X			X		X	X	X	X	X	X
3	Control/Chaos Uncertainty		X	X	X			X		X	X		X
4	Decision complexity				X	X							X
5	Organisation/behavioural issues					X			X			X	X
6	IT/IS Complexity					X					X	X	X
7	End-customer Demand	X	X		X	X	X	X	X	X	X		X
8	Demand Amplification		X	X	X	X	X	X					X
9	Supplier	X	X			X		X	X	X	X		X
10	Parallel interaction			X	X	X							X
11	Order forecast horizon					X							X
12	Chain infrastructure & facilities					X			X				X
13	Environment								X	X	X		X
14	Disaster								X	X	X	X	X

\*) Risk related literature



Table 3: Uncertainty Management Strategies

REDUCING STRATEGY (R)	DESCRIPTION
R1. Lean operations	By making a process leaner, it becomes a simpler process with less inherent uncertainty, (Hines <i>et al.</i> , 2004, Taylor, 2006 and Tracy & Knight, 2008).
R2. Product design	Establishing a good initial design or changing the design of a product to enable a better and more robust manufacturing process (Davis, 1993).
R3. Process performance measurement	Using process performance measures, e.g., quality measures, machine performance indicators, and key performance indicators (KPIs), to detect and hence reduce uncertainty (Geary <i>et al.</i> 2002).
R4. Good Decision Support System (DSS)	Refers to the use of decision support systems as a problem solving strategy for complex decision making situations (Shim <i>et al.</i> , 2002), (Muckstadt <i>et al.</i> , 2001).
R5. Collaboration	Proactive initiatives, where people play a dominant role, to reduce uncertainty within the scope of the activities described below: <ul style="list-style-type: none"> <li>▪ Internal integration that provides synchronized decision and control functions in the organisation (van der Vorst &amp; Beulens, 2002)</li> <li>▪ Vertical integration as a way to control supply or demand uncertainties (Miller, 1992)</li> <li>▪ Contractual agreements with suppliers or buyers to reduce uncertainty (Miller, 1992)</li> <li>▪ Voluntary restraint of competition by alliances, joint ventures, franchising agreements, technology licensing agreements, and participation in consortia (Miller, 1992)</li> <li>▪ Partnership programmes by working more closely with suppliers or customers, for example, in terms of collaborative planning, forecasting and replenishment (CPFR) initiatives (Muckstadt <i>et al.</i>, 2001; Christopher &amp; Peck, 2004; Holweg <i>et al.</i>, 2005), to reduce uncertainty regarding problems of other members of the supply chain.</li> <li>▪ E-intermediation to facilitate greater information sharing so that adequate information is available for key tasks (Boyle <i>et al.</i>, 2008)</li> </ul>
R6. Shorter planning period	Runs a planning system in a shorter period than the forecast horizon, thereby reducing the number of last minute changes to the schedule. For example, a manufacturer may carry out weekly production plans and product replenishment to retail outlets whereas retailers send monthly forecasts (Fisher, 1997).
R7. Decision policy & procedures	Refers to the use of better decision policy & procedures to improve supply chain processes. For example, bureaucratic decision making policies require signatures from several people, making it a difficult and lengthy procedure. Therefore redesigning procedures to reduce the number of signatures will reduce inherent uncertainty (van der Vorst <i>et al.</i> , 1998; van der Vorst & Beulens, 2002).
R8. ICT System	A strategy to use application software, computer hardware and communication technology. For example, the use of specific software, e.g., virus-removing software and firewall software, to prevent damage to the IT/IS system caused by software-based attacks (Bandyopadhyay <i>et al.</i> , 1999; Greg, 2006).
R9. Pricing Strategy	Refers to the use of a pricing strategy or other incentives to reduce demand uncertainty. Marketing activities such as price promotions could influence end-consumer demand to favour an organisation's plan and hence help with managing uncertainty caused by seasonal demand variability (Miller, 1992; Gupta & Maranas, 2003).
R10. Redesign of chain configuration and/ or infrastructure	Refers to the process of redesigning the supply chain configuration and/or infrastructure, i.e., the plants, distribution centres, transportation modes, production processes and network relationships, which will be used to satisfy customer demands. The redesign of supply chains often lead to big impacts that span large parts of the organisation, and not just incremental changes (Harrison, 2001). For example: <ul style="list-style-type: none"> <li>▪ How many plants are needed? What process technologies should be employed (Harrison, 2001)? Or, how close should each plant be to key customers (Davis, 1993)?</li> <li>▪ Supply base design and selection of suppliers (Harrison, 2001)</li> <li>▪ Outsourcing, e.g. using a third-party logistics company (Lee, 2002); Sun <i>et al.</i> (2009)</li> <li>▪ Infrastructure for new products or processes (Harrison, 2001);</li> <li>▪ Chain configuration; governance structures etc (van der Vorst &amp; Beulens, 2002).</li> </ul>

COPING with UNCERTAINTY STRATEGY (C)	DESCRIPTION
C1. Postponement	Delaying activities or processes until the latest possible point in time makes it possible to make things according to known demand rather than to forecast demand (Yang <i>et al.</i> , 2004; Yang & Yang, 2010). Toyota, for example, delays decisions on critical specifications until the last possible moment when market information is more definite (Yang <i>et al.</i> , 2004).
C2. Volume/delivery flexibility	The agility to manufacture a product despite changes to volume and mix, (Braunscheidel & Suresh 2009). This can be achieved by providing dedicated production facilities or multiple production facilities (van Donk & van der Vaart, 2005), or by using multi-skilled workers (Miller, 1992).
C3. Process flexibility	The flexibility of the workforce, plant and equipment enable a company to cope with uncertainty caused by frequent product changeovers on the shop floor. For example, multi-skilled workers may lead to process flexibility (Miller, 1992). In addition, process flexibility could be achieved through the implementation of general purpose machines, equipment and technologies (Miller, 1992; Ulrich, 1995).
C4. Customer flexibility	Exploiting relationships with customers that are less sensitive to uncertainty issues and are able to adapt their plans. For example, uncertainty caused by unexpected machine breakdowns in the Printed Circuit Board (PCB) industry may be passed to flexible customers who are less sensitive to the problem (Sawhney, 2006).
C5. Multiple suppliers	Exploiting the availability of potential suppliers and their willingness to help an organisation manage its sources of uncertainty. For example, multiple suppliers may enable an organisation to cope with changing production plans caused by production problems by choosing a supplier that provides prompt delivery of raw materials (Sawhney, 2006).
C6. Strategic Stocks	Refers to the use of inventory to buffer against uncertainty (Davis, 1993; Helms <i>et al.</i> , 2000; Wong & Arlbjorn, 2008).
C7. Collaboration	Basic/limited information sharing internally within an organisation or with chain partners (suppliers and customers) but, in contrast to the reducing strategy of R5, this is without affecting the source of uncertainty. For example, a manufacturer may have exchange of information with customers, e.g. retailers, that helps to increase forecast accuracy of end-customer demand; these coordination activities, however, do not affect end-customer demand patterns (Muckstadt <i>et al.</i> , 2001).
C8. ICT System	The availability of a computer based information system to provide information transparency between supply chain partners, which then enables better and faster information flow, but in contrast to R8, this is without reducing the source of uncertainty. For example, an ICT system may facilitate information sharing for managing end-customer demand variations, in terms of cost efficiency and responsiveness to end-customer orders (Mason-Jones & Towill, 1998; Towill & McCullen, 1999; Prater, 2005).
C9. Lead time management	Refers to the quoting of a longer lead time for customer orders compared with the expected manufacturing lead time, (Prater <i>et al.</i> , 2001).
C10. Financial risk management	Refers to techniques of financial risk-mitigation such as purchasing insurance, e.g., business interruption insurance, and buying & selling financial instruments, e.g., forward and futures contracts, (Tomlin, 2006; Ritchie & Brindley, 2007).
C11. Quantitative Techniques	Employing operations research techniques, e.g. forecasting, simulation, and mathematical modelling, to reduce the impact caused by a source of uncertainty, (Piedro, 2009).

**APPENDIX 1: Profile of the Sources of Uncertainty**

SOURCE OF UNCERTAINTY	DIMENSION	LITERATURE	LITERATURE w/ EMPIRICAL EVIDENCE
U1. Product characteristics	The Product specification e.g. colour, length, size and packaging, can lead to uncertainty in processing times, e.g. when a product is new and the specification is not yet fully clarified.	(van Donk & van der Vaart, 2005)	N.A.
	The Packaging characteristics e.g. uncertainty about how a new product is to be packaged can lead to uncertainty in product handling times	(van der Vorst & Beulens, 2002),	van der Vorst & Beulens (2002): Food
	The Product life cycle e.g. shorter life cycles lead to uncertain output volumes, as there are more frequent new product introductions, leading to more frequent quality and engineering problems.	(Miller, 1992), (Fisher, 1997), (Sawhney, 2006)	Sawhney (2006): Electronics
	The perishability of products leads to uncertainty in output volumes etc.	(van der Vorst & Beulens, 2002)	van der Vorst & Beulens (2002): Food
	The Product variety offered: this leads to uncertainties in the quantities of product to stock etc	(Fisher, 1997)	N.A.
U2. Manufacturing process	Machine breakdowns lead to uncertain output volumes	(Miller, 1992), (Davis, 1993), (Koh <i>et al.</i> , 2002), (Towill <i>et al.</i> , 2002), (Sawhney, 2006)	Towill <i>et al.</i> (2002): Automotive Sawhney (2006): Electronic
	Variable process yield and scrap-rates lead to uncertain output volumes	(Miller, 1992), (van der Vorst <i>et al.</i> , 1998), (Towill <i>et al.</i> , 2002), (van der Vorst & Beulens, 2002)	Towill <i>et al.</i> (2002): Automotive van der Vorst & Beulens (2002): Food
	Changes in employee productivity due, for example, to labour absence, turnover, labour unrest or strikes	(Miller, 1992), (Sawhney, 2006)	Sawhney (2006): Electronics
	Accidents, that disturb the production process	(Miller, 1992),	N.A.
	General: authors who do not specify a dimension	(Mason-Jones & Towill, 1998), (Geary <i>et al.</i> , 2002), (Christopher & Peck, 2004)	N.A.
U3. Control/Chaos uncertainty	Difficulties in production planning when the sales order is small compared with the production-batching system	(Wilding, 1998), (Geary <i>et al.</i> , 2002), (Towill <i>et al.</i> , 2002)	Towill <i>et al.</i> (2002): Automotive
	Chaos resulting from supply chain control systems e.g. wrong control rules, mismatch in the ICT system	(Geary <i>et al.</i> , 2002), (Towill <i>et al.</i> , 2002), (van der Vorst & Beulens, 2002), (Prater, 2005)	Towill <i>et al.</i> (2002): Automotive; van der Vorst & Beulens (2002): Food (limited evidence)
	Errors caused by inaccuracies or poor reports from supply chain partners which are beyond the control of the organisation	(Geary <i>et al.</i> , 2002)	N.A.
U4. Decision complexity	Different goals across functional departments, which may or may not be mutually supportive, that disrupt supply chain processes, e.g. in terms of delayed decisions that slow down the whole process	(Prater, 2005)	N.A.

U4. Decision complexity (contd)	Capacity constraints, e.g. maximum production output, machine utilisation, warehouse and truckload capacity including availability of rental options, etc., that leads to the uncertainty of the delivery of an order to the customer	(Prater, 2005)	N.A.
	Uncertainty inherent in long range traditional strategic planning e.g. technology innovations or price/cost changes	(Prater, 2005)	N.A.
	Administrative issues and decision policies that lead to uncertainty in the supply chain caused by unresponsive decision processes	(van der Vorst <i>et al.</i> , 1998)	van der Vorst <i>et al.</i> (1998): Food (limited evidence)
U5. Organisation/ Behavioural	General behavioural issue, e.g. risk taker vs. risk averse behaviour, that leads to disruption in supply chain processes	(van der Vorst <i>et al.</i> , 1998), (Wilding, 1998)	van der Vorst <i>et al.</i> (1998): Food (limited evidence)
	Political influence in an organisation that leads to the uncertainty of the execution of a supply chain decision e.g. senior versus junior employees/managers	(van der Vorst & Beulens, 2002)	van der Vorst & Beulens (2002): Food (limited evidence)
U6. IT/IS complexity	IT/IS system unavailability that may stop all supply chain activities	(Bandyopadhyay <i>et al.</i> , 1999), (Finch, 2004), (Smith <i>et al.</i> , 2007), and (Savic, 2008)	N.A.
	Data/information security issues that lead to uncertainty, e.g. in terms of information integrity and trust in the system	(Bandyopadhyay <i>et al.</i> , 1999), (Finch, 2004), (Smith <i>et al.</i> , 2007), and (Savic, 2008)	N.A.
	IT/IS system performance that leads to uncertainty, e.g. in terms of productivity of processes	(Bandyopadhyay <i>et al.</i> , 1999), (Finch, 2004), (van der Vorst & Beulens, 2002), (Prater, 2005), (Smith <i>et al.</i> , 2007), and (Savic, 2008)	van der Vorst & Beulens (2002) Food (limited evidence)
U7. End-customer demand	Seasonal demand variability, e.g. Christmas, Eid al-Fitr, Chinese New Year, school holidays, dry or rainy seasons.	(Lee, 2002), (van der Vorst & Beulens, 2002), Sun <i>et al.</i> , (2009)	Lee (2002): fashion (limited evidence) van der Vorst & Beulens (2002) Food (limited evidence); Sun <i>et al.</i> (2009)
	Changes in consumer tastes that lead to unexpected changes in demand for a company's product	(Miller, 1992), (van der Vorst <i>et al.</i> , 1998)	van der Vorst <i>et al.</i> (1998) Food (limited evidence)
	Irregular or sporadic events that lead to uncertainty, e.g. sports events	(Bartezzaghi & Verganti, 1995)	Bartezzaghi & Verganti (1995) Telecommunications (limited evidence)
U8. Demand amplification	Demand signal processing that leads to unusually high stock levels in the upper regions of the supply chain	(Lee <i>et al.</i> , 1997), (Wilding, 1998), (Dejonckheere <i>et al.</i> , 2003), (Blecker <i>et al.</i> , 2005), (Prater, 2005)	Lee <i>et al.</i> (1997): Computer, consumer goods and retail; Dejonckheere <i>et al.</i> (2003): Consumer goods and retail
	Rationing game that stimulates customers to order more units than they need; this lead to uncertainty of actual end-customer demand patterns.	(Lee <i>et al.</i> , 1997), (Wilding, 1998)	Lee <i>et al.</i> (1997): Computer and automotive

U8. Demand amplification (Contd)	Order batching policy, which obscures actual demand.	(Lee <i>et al.</i> , 1997) , (Wilding, 1998), (Geary <i>et al.</i> , 2002)	Lee <i>et al.</i> (1997): Consumer goods and retail
	Price variations, e.g. discounts or promotions, that lead to unexpectedly high demand	(Lee <i>et al.</i> , 1997), (van der Vorst <i>et al.</i> , 1998), (Wilding, 1998)	Lee <i>et al.</i> (1997): Food and consumer goods, Wilding (1998): Retail industry
U9. Supplier	The timing of supply may be uncertain if the supplier is regularly unable to meet promised due dates	(Davis, 1993), (Towill <i>et al.</i> , 2002), (van der Vorst & Beulens, 2002), (Sawhney, 2006)	van der Vorst & Beulens (2002): Food Sawhney (2006): Electronics
	The quality of supplied product may vary, for example, this may depend on the quality of the variable crop quality	(Towill <i>et al.</i> , 2002), (van der Vorst & Beulens, 2002), (Sawhney, 2006)	van der Vorst & Beulens (2002): Food Sawhney (2006): Electronics
	The availability of supply may be uncertain	(Miller, 1992), (van der Vorst & Beulens, 2002)	N.A.
U10. Parallel interaction	General parallel interaction issue among suppliers that supply different products to a company, e.g. cross docking issues	(Wilding, 1998), (van der Vorst & Beulens, 2002), (Prater, 2005); Manuj & Mentzer (2008)	van der Vorst & Beulens (2002): Food
U11. Order forecast horizon	General order forecast horizon issue, i.e. the longer the horizon, the larger the forecast errors and hence there is greater demand uncertainty	(Muckstadt <i>et al.</i> , 2001), (van der Vorst & Beulens, 2002), (van Donk & van der Vaart, 2005)	van der Vorst & Beulens (2002) Food (limited evidence)
U12. Chain configuration, infrastructure & facilities	The geographic areas covered by the supply chain, such as difficult terrain or long distances.	(Prater <i>et al.</i> , 2001), (van der Vorst & Beulens, 2002); Manuj & Mentzer (2008)	Prater <i>et al.</i> (2001): Electronics
	Uncertainty in network relationships caused, for example, by differences in culture, processes and strategy	(van der Vorst & Beulens, 2002)	van der Vorst & Beulens (2002) Food (limited evidence)
	The availability of dependable communication that leads to delayed processes and reduced flexibility	(Miller, 1992), (Prater <i>et al.</i> , 2001),	Prater <i>et al.</i> (2001): Electronics
	The availability of dependable transportation infrastructure that leads to delivery process disruptions	(Miller, 1992), (Prater <i>et al.</i> , 2001), (Rodrigues <i>et al.</i> , 2008)	Prater <i>et al.</i> (2001): Electronics
U13. Environment	Political stability, i.e. political instability in a country that has a serious impact on supply chain processes	(Miller, 1992), (Andreas & Ulf, 2004)	N.A.
	Government regulation, when it is often changed, it may disrupt company plans, e.g. a new trade barrier for imported raw material	(Miller, 1992), (van der Vorst & Beulens, 2002), (Christopher & Peck, 2004)	N.A.
	Macroeconomic issues, e.g. price inflation, fluctuations in exchange and interest rates, may press a company to change its plan, e.g. switch to local suppliers in case of an unfavourable exchange rate	(Miller, 1992), (Christopher & Peck, 2004)	N.A.
	Issues in a society, for e.g. social unrest, may lead to violence, causing inability to run normal supply chain operations in the affected area	(Miller, 1992), (Andreas & Ulf, 2004)	N.A.

U13. Environment (contd)	Competitor behavior, e.g. a competitor may unexpectedly launch a new product to the market that forces a company to revise its supply chain plans	(Miller, 1992), (van der Vorst & Beulens, 2002), (Andreas & Ulf, 2004)	N.A.
U14. Disaster	Natural disaster, e.g. earthquakes, hurricanes, and storms, that has a great impact on the supply chain processes	(Miller, 1992), (Zsidisin <i>et al.</i> , 2000), (Christopher & Peck, 2004), (Kleindorfer & Saad, 2005)	Kleindorfer & Saad (2005) identified the supply chain issues caused by Hurricane Andrew in 1992, the Kobe earthquake in 1995 and the Taiwan earthquake in 1999

## APPENDIX 2: Profile of Uncertainty Management Strategy

SOURCE OF UNCERTAINTY	DIMENSION	STRATEGY	LITERATURE
		Note: ● = with examples from secondary data   ⊙ = with empirical evidence ( <i>Text in italic</i> ) = <i>impact on performance</i>	
U1. Product characteristic	The product specification.	C1. Postponement	Product development postponement e.g. make decisions for specifications that are certain while postponing other specifications until better information is available (Yang <i>et al.</i> , 2004, Yang & Yang, 2010)
	The packaging characteristics	N.A.	N.A.
	The product life cycle.	R6. Shorter planning period	Implementation of continuous replenishment to achieve physical efficiency in terms of enough stock to cover demand and sufficient time to sell off the excess stocks in case of end of product life (Fisher, 1997) ⊙
		C2. Volume/delivery flexibility	Application of strategy where products can be quickly produced and have short delivery lead times to retailers, e.g. in fashion markets with short product life cycles (Childerhouse & Towill, 2003), Volume flexibility to cope with high sales variations caused by short product life cycles in the computer industry (Gerwin, 1993) ●
	The perishability of products	R3. Process performance measure	Reliability improvement, e.g., in terms of production quantity and quality, e.g. the use of air-conditioned transportation and restricted storage time to prevent quality decay for perishable products (van der Vorst & Beulens, 2002) ⊙ ( <i>Reduction of food wastes</i> )
The product variety offered	C1. Postponement	Develop the modularity of product variants to allow variety to be created at the final assembly; this may enable process standardization while maintaining product variety (Ulrich, 1995), (Lee, 2002) ●, Sun <i>et al.</i> , (2009) ⊙ ( <i>Increased responsiveness to end-customer demand</i> )	



U2. Manufacturing process	Machine breakdowns	R3. Process performance measure	Proactive maintenance to maintain machine performance (Geary <i>et al.</i> , 2002)
		C2. Volume/delivery flexibility	Process standardisation in multiple manufacturing facilities to cope with process disruptions (Sheffi & Rice, 2005) ●
		C3. Process flexibility	Utilizing multi-skilled workers and general-purpose machines so that work can be transferred to other capacity groups (Sawhney, 2006) ◎
		C4. Customer flexibility	Delay delivery to flexible customers (Sawhney, 2006) ◎
		C6. Strategic Stocks	Increase inventories (Davis, 1993)
	Variable process yield and scrap-rates	R1. Lean operations	Quality levels improvement by implementing waste elimination principles. (Mason-Jones & Towill, 1998; Mason-Jones & Towill, 2000; Muckstadt <i>et al.</i> , 2001) ◎ <i>(Reduction of production cost)</i>
		R2. Product design	Better manufacturing processes by changing product designs (Davis, 1993), (Fagade <i>et al.</i> , 1998)
		R3. Process performance measure	Total quality control approach (Davis, 1993)
	Changes in employee productivity	C3. Process flexibility	Coping with labour absence by utilizing multi-skilled workers and working overtime. (Sawhney, 2006) ◎
		Accidents	C3. Process flexibility
U3. Control/Chaos uncertainty	Small sales order is small compared with batch sizes	R6 Shorter planning period	Shorter planning periods may help to reduce issues in manufacturing planning systems that use batch size requirements (Wilding, 1998), (van der Vorst <i>et al.</i> , 1998)
	Chaos resulting from supply chain control systems	R1 Lean operations	Implementation of a manufacturing strategy where products are produced only after receiving real orders from customers (Wilding, 1998), (Geary <i>et al.</i> , 2002)
		R4 Good DSS	Control systems (Mason-Jones & Towill, 1998), (van der Vorst <i>et al.</i> , 1998) ◎, (Muckstadt <i>et al.</i> , 2001) <i>(Reduction of inventory level and increased product freshness)</i>
		R6 Shorter planning period	Shorter planning periods help in maintaining accurate information (Wilding, 1998), (van der Vorst <i>et al.</i> , 1998)
	Inaccurate or poor reports from supply chain partners	N.A.	N.A.
U4. Decision complexity	Different goals across functional departments	R5 Collaboration	Improved coordination & alignment across functional departments (Helms <i>et al.</i> , 2000) ●, (Charu & Sameer, 2001) ◎ Co-ordination and negotiation to solve conflicting goals (Charu & Sameer, 2001) ◎
		R7 Decision policy & procedures	Redesign of decision procedures to eliminate unnecessary process steps (van der Vorst <i>et al.</i> , 1998)
		C11 Quantitative techniques	Use multiple objective dynamic programming or linear programming (Prater, 2005)
	Capacity constraints	R4 Good DSS	DSS in which all elements in the supply chain are considered (Muckstadt <i>et al.</i> , 2001)
		C11 Quantitative techniques	Goal programming or fuzzy dynamic programming (Prater, 2005)
	Uncertainty in long range strategic planning	C11 Quantitative techniques	Traditional ranking procedures, neural networks, genetic algorithms and chaos theory (Prater, 2005)

	Administrative issues and decision policies	R7 Decision policy & procedures	Redesign of decision policy and procedure to eliminate unnecessary process steps(van der Vorst <i>et al.</i> , 1998)
U5. Organisation/ Behavioural issues	General behavioural issue	R3 Process performance measure	Linking of employee performance objectives with supply chain objectives (van der Vorst & Beulens, 2002); <i>(Reduction of process disruptions)</i>
		R7. Decision policy & procedures	Eliminate unnecessary decision process steps to reduce human related issues that occur in lengthy administration processes (van der Vorst <i>et al.</i> , 1998)
	Internal politics	No strategies proposed	N.A.
U6. IT/IS complexity	IT/IS system unavailability	R7. Decision policy & procedures	Implementation of stringent audit procedures and monitoring of computer usage (Bandyopadhyay <i>et al.</i> , 1999). <i>(Increased customer satisfaction)</i>
		R8. ICT System	Backup systems and procedures: until the IT/IS system becomes available (Bandyopadhyay <i>et al.</i> , 1999) Virus-prevention and firewall software (Bandyopadhyay <i>et al.</i> , 1999), (Greg, 2006) Employee education, to reduce system misuse (Bandyopadhyay <i>et al.</i> , 1999), (Greg, 2006)
	Data/information security issues	R7. Decision policy & procedures	Restricting access to the IT/IS system (Bandyopadhyay <i>et al.</i> , 1999)
	R8. ICT System	Secure IT/IS system, such as, data encryption and recognition systems (Bandyopadhyay <i>et al.</i> , 1999)	
	IT/IS system performance	No strategies proposed	N.A.
U7. End-customer demand	Seasonal demand variability	R9. Pricing Strategy	Marketing activities such as price promotions (Miller, 1992) and (Gupta and Maranas, 2003)
		C1. Postponement	Produce at a later time closer to the confirmation of customer orders (Fisher, 1997) ●, (Mason-Jones & Towill, 2000), (Prater <i>et al.</i> , 2001), (Yang <i>et al.</i> , 2004)
		C2. Volume/delivery flexibility	Flexibility in terms of volume of production (Gerwin, 1993)
		C6. Strategic Stocks	Inventory buffers (Wilding, 1998), (Helms <i>et al.</i> , 2000), (Towill <i>et al.</i> , 2002), (van Donk & van der Vaart, 2005)
		C8. ICT System	To facilitate information sharing (Mason-Jones & Towill, 1998) ●, (Towill & McCullen, 1999), (Prater, 2005). <i>(Reduction of cost, increased responsiveness to end-customer order)</i>
		C9. Lead time management	Loose delivery dates increase production flexibility (Prater <i>et al.</i> , 2001) ◎
	C11. Quantitative techniques	Advanced forecasting techniques (Davis, 1993).	
	Changes in consumer tastes	R2. Product design	Introducing new products to match market leader offering and change market equilibrium retaining current customer base (Miller, 1992).
	Irregular or sporadic events	C11. Quantitative techniques	Implementation of a forecasting technique to calculate overplanning requirements (Bartezzaghi & Verganti, 1995). <i>(Reduction of production cost, increased fill rate)</i>
U8. Demand amplification	Demand signal processing	R1. Lean operations	Elimination of echelons and functional interfaces to reduce time delays and information distortion (Towill & McCullen, 1999) ● Application of time compression of both order information upstream and product transfer downstream to reduce distortion of information and enable effective material flow, which then reduces demand amplification (Mason-Jones & Towill, 1998), (Towill & McCullen, 1999), (Mason-Jones & Towill, 2000) <i>(Reduction of production costs)</i>
		R5. Collaboration	Information sharing and tight coordination to enable synchronised planning (Lee <i>et al.</i> , 1997), (Lee, 2002) ◎ <i>(Reduction of inventory level, removal of short term fluctuations in customer orders)</i>
		R6. Shorter planning period	To overcome the bullwhip effect, which is influenced by long replenishment lead times (Lee <i>et al.</i> , 1997)
		R8. ICT System	To facilitate information sharing e.g., electronic data interchange (EDI) systems (Lee <i>et al.</i> , 1997), (Towill & McCullen, 1999). (Mason-Jones & Towill, 1998) ●
		C1. Postponement	To prevent over-reactions to short-term fluctuations in demand (Mason-Jones & Towill, 2000), (Prater <i>et al.</i> , 2001),



			(Yang <i>et al.</i> , 2004). However, it may be costly to create this flexibility (Prater <i>et al.</i> , 2001). (Increased responsiveness to short term demand fluctuation, may increase cost)
	Rationing game	R5. Collaboration	Manufacturer shares production plans and inventory with downstream supply chain partners to reduce motivation for gaming (Lee <i>et al.</i> , 1997) Restricting buying flexibility through commitments and contracts, in terms of order quantity (Lee <i>et al.</i> , 1997)
	Order batching policy	R8. ICT System	The necessary requirement for order batching is reduced by utilising EDI (Lee <i>et al.</i> , 1997) (Reduction of ordering cost)
		C7. Collaboration	Information sharing to enable the manufacturer plan independently rather than using an order batching forecast from the retailer (Lee <i>et al.</i> , 1997)
	Price variations	R9. Pricing Strategy	Pricing strategy to reduce the fluctuations caused by price variations (Lee <i>et al.</i> , 1997).
		C7. Collaboration	Customers communicate plans that are out of the ordinary e.g. sales promotions that are likely to increase the demand rate temporarily. (Lee <i>et al.</i> , 1997), (Muckstadt <i>et al.</i> , 2001)
U9. Supplier	The timing of supply	R1. Lean operations	The extension of 'Lean Thinking' approach with suppliers (Mason-Jones & Towill, 1998; Mason-Jones & Towill, 2000) (Reduction of inventory cost)
		R5. Collaboration	Vertical integration (Miller, 1992) Contractual agreement, preferably long-term contract, with suppliers to guarantee delivery of raw materials (Miller, 1992) Work closely with suppliers, e.g., in terms of collaborative planning, and alerting each other of any potential supply disruption (Christopher & Peck, 2004), (Lee, 2002) ●
		R8. ICT System	To track and communicate material movement in order to anticipate problems (Sawhney, 2006) ◎
		R10. Redesign of chain configuration and/ or infrastructure	Building factory closer to suppliers (Bhatnagar & Sohal, 2005) ◎ Outsourcing logistics and using supplier hubs to enable more reliable transportation modes (Davis, 1993), (Lee, 2002) ● (Reduction of logistics cost)
		C5. Multiple suppliers	To enable flexibility in terms of sourcing (Miller, 1992). However, managing and using multiple supplier may increase cost (Lee, 2002), (Sheffi & Rice, 2005)
		C6. Strategic Stocks	A major reason for an organisation to carry stock (Towill <i>et al.</i> , 2002)
	The quality of supplied product	R5. Collaboration	Vertical integration (Miller, 1992) Contractual agreements, where specific quality measures are included in the agreements, are able to protect against any quality issues (Miller, 1992).
		C5. Multiple suppliers	To enable organisation to source from different supplier in case of quality issues (Miller, 1992) Buying from different supplier may increase cost (Lee, 2002), (Sheffi & Rice, 2005)
		C6. Strategic Stocks	Inventory to ensure delivery of product to customer on promised date (Davis, 1993), (Towill <i>et al.</i> , 2002).
	The availability of supply	R5. Collaboration	Vertical integration for control supply volumes required (Miller, 1992) Contractual agreements which include guaranteed volume of supplied products from supplier (Miller, 1992) Close coordination to alert manufacturer regarding potential supply problems and work together to find solution to the problem (Christopher & Peck, 2004).
		R8. ICT System	New supplier ICT system to track the movement and usage of their materials and improve volume flexibility (Sawhney, 2006) ◎

		C5. Multiple suppliers	To cope with quantity of supplied products (Lee, 2002) ● Buying from different supplier may increase cost (Lee, 2002)
		C6. Strategic Stocks	To cope with uncertainty related to the volume of supplied product (Towill <i>et al.</i> , 2002)
U10. Parallel interaction	General	R1. Lean operations	The reduction of partners involved in a supply chain potentially reduces problems related to parallel interaction; this leads to increased responsiveness to customer order (van der Vorst & Beulens, 2002)
		R5. Collaboration	Good coordination among chain partners, for example in terms of inbound and outbound logistics (van der Vorst & Beulens, 2002)
		R8. ICT System	To exchange information to generate suitable plans and delivery schedules (van der Vorst & Beulens, 2002; Prater, 2005)
		C6. Strategic Stocks	Increasing inventory to cope with problems of late delivery of a rogue supplier (Wilding, 1998), (Prater, 2005)
U11. Order forecast horizon	General	R6. Shorter planning period	Increased frequency of deliveries, e.g. daily deliveries, to improve forecast accuracy (van der Vorst <i>et al.</i> , 1998). ☉
		R8. ICT System	Computer assisted ordering (CAO), which helped a distribution centre to manage stock levels at retailers, enabling short information lead times (van der Vorst <i>et al.</i> , 1998). ☉
U12. Chain configuration, infrastructure & facilities	Geographic areas	R1. Lean operations	Reduction of the number of suppliers that leads to less chance of scattered suppliers across the geographical area; hence, reduction of problems (van der Vorst & Beulens, 2002).
		R10. Redesign of chain configuration and/ or infrastructure	Build production facilities closer to suppliers and customers; this helps to reduce shipping time, both from the suppliers and to the customers; hence a shorter production time and better responsiveness to customer orders (Davis, 1993) ●
			Consolidating warehouses and outsourcing logistics which enable a better schedule of delivery and reduction of transportation costs (Prater <i>et al.</i> , 2001) ● (Reduction of transportation cost)
		C2. Volume/delivery flexibility	Flexibility in terms of volume and lead time (Prater <i>et al.</i> , 2001)
	Network relationships	R10 Redesign of chain configuration and/ or infrastructure	Align employee incentives with supply chain objectives and reduce the number of human interventions needed for a supply chain transaction (van der Vorst & Beulens, 2002).
	Communication	R8. ICT System	(EDI system to provide a dependable communication with suppliers and customers; this leads to better customer responsiveness (Prater <i>et al.</i> , 2001).
	Transportation infrastructure	R10. Redesign of chain configuration and/ or infrastructure	Outsourcing of transportation and distribution to a 3PL provider which enables effective delivery schedule and efficient operation of transportation and distributions (Prater <i>et al.</i> , 2001) ● (Reduction of logistics cost)
			Asking suppliers to transport goods to the factory because of their better know-how regarding local transportation modes and customs; this leads to reduction of inbound transportation cost although some delays may occur (Prater <i>et al.</i> , 2001) ●
		C2. Volume/delivery flexibility	Flexibility in terms of volume to compensate for slow outbound transportation (Prater <i>et al.</i> , 2001)
U13. Environment	Political stability	C10. Financial risk management	Purchasing insurance (Miller, 1992)
	Government regulation	R5. Collaboration	Government lobbying in order to change laws, regulations and trade restraints. Successful lobbying may bring about more predictable government regulation (Miller, 1992)

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	Macroeconomic issues	C2. Volume/delivery flexibility	Availability of production facilities in many countries to enable flexibility to temporarily switch production from one country, which is less affected by macroeconomic issues, to other countries. (Tang, 2006) ●
		C10. Financial risk management	Exchange rate risks could be managed by using financial hedging. This would prevent financial losses caused by unexpected fluctuation of exchange rate (Miller, 1992) <i>(Reduction of financial losses)</i>
	Societal issues	C10. Financial risk management	Purchasing insurance (Miller, 1992)
	Competitor behaviour	R5. Collaboration	Horizontal mergers and acquisitions to control competitive uncertainties (Miller, 1992) Oligopolistic coordination with the industry leader where business competitors work together to stabilize the market and reduce uncertainty, e.g., in terms of agreed prices and product specifications (Miller, 1992) It is reasonable to assume that the practice of oligopoly will increase profit and flexibility in the chain, although the study by Fisher (1997) suggested it has negative impact on customer satisfaction
U14. Disaster	Natural disaster	C1. Postponement	A postponement strategy, based on modular production processes, to enable production of a products using alternative components (Tang, 2006) ● <i>(Reduction of production delays)</i>
		C2. Volume/delivery flexibility	The availability of production facilities in multiple location or multiple countries would enable an organisation to cope with natural disasters because customer orders can be served by other production facilities, which are not affected by the disaster (Kleindorfer & Saad, 2005)
		C4. Customer flexibility	Enabling customer flexibility with suitable incentives may increase customer satisfaction and sales during the disruption period (Tang, 2006) ● <i>(Reduction of customer dissatisfaction)</i>
		C5. Multiple suppliers	To enable continuous supply when a disaster disrupts the main supplier (Tang, 2006) ● <i>(Reduction of customer dissatisfaction)</i>
		C6. Strategic Stocks	Carrying stocks of raw material and products helps to ensure production and delivery to customers when disruption occurs (Tang, 2006) ●
		C7. Collaboration	Coordination in terms of early warning and mutual assistance during the disruption period to prevent major financial losses (Kleindorfer & Saad, 2005)
		C10. Financial risk management	Insurance (Miller, 1992)

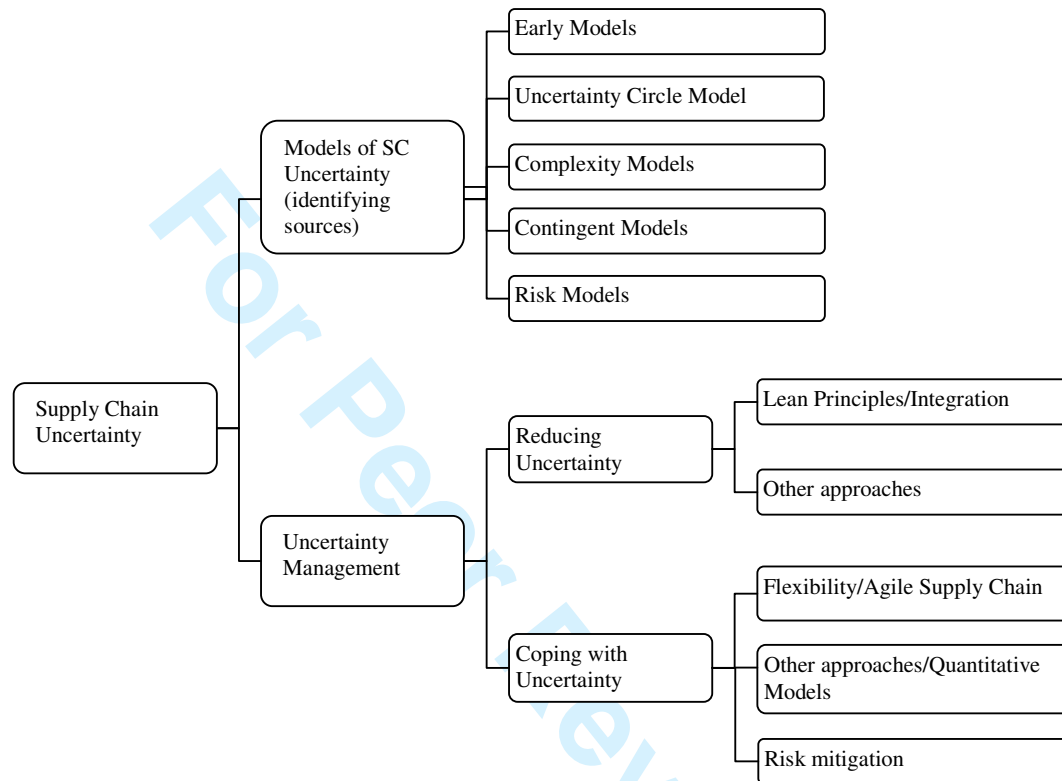


Figure 1: Uncertainty Literature Classification

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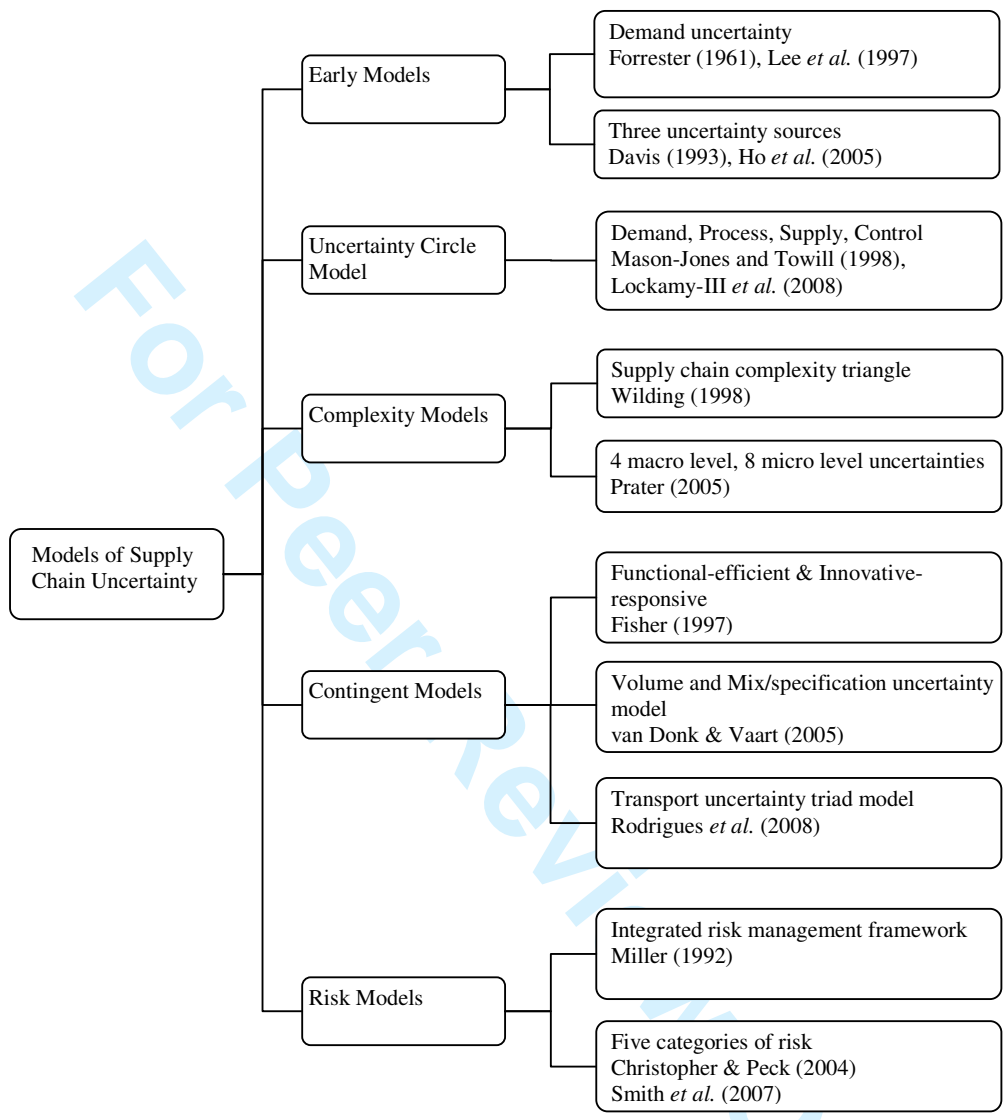


Figure 2: Models of Supply Chain Uncertainty: Key References

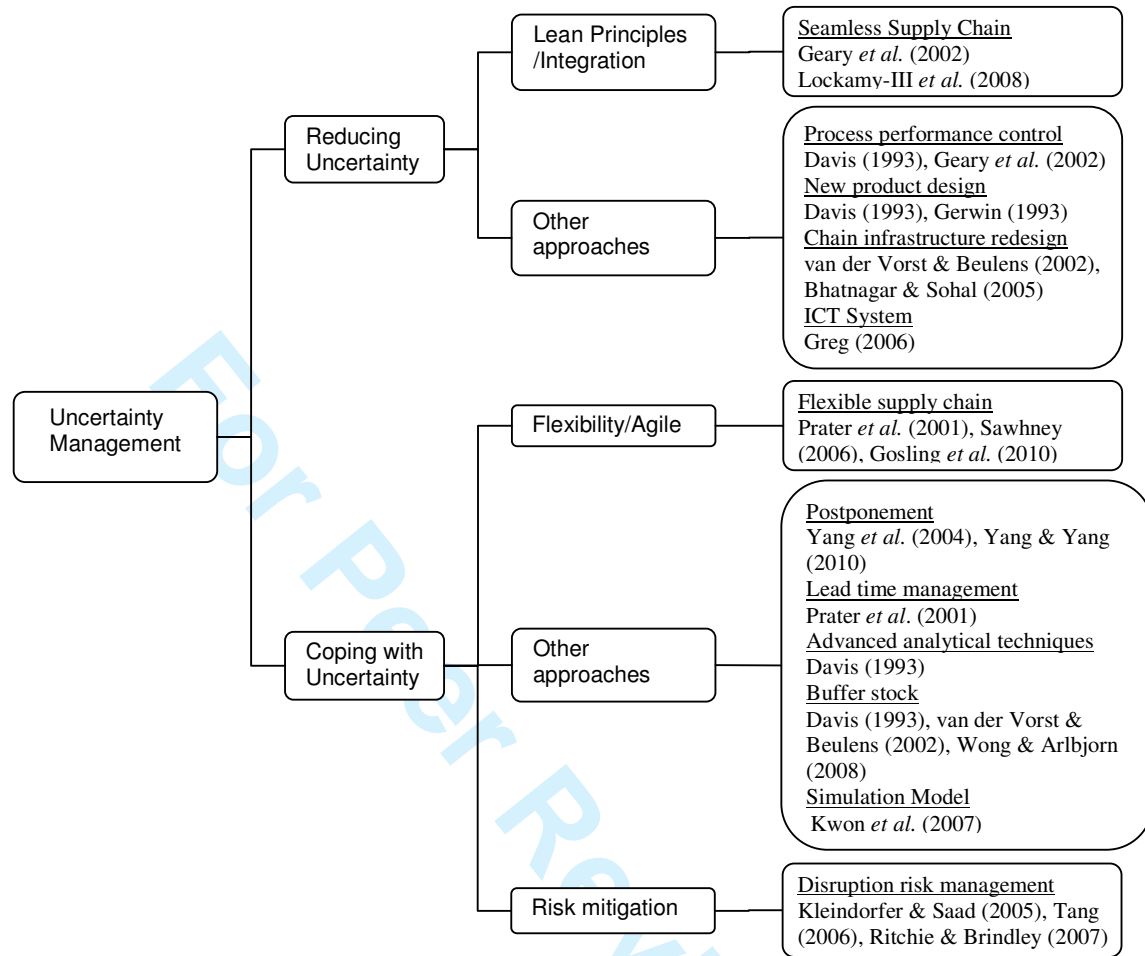


Figure 3: Uncertainty Management: Key References



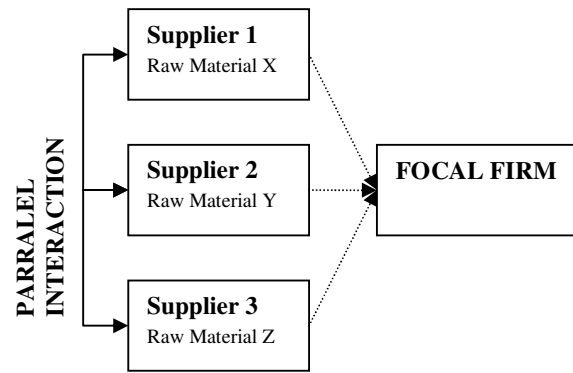


Figure 4: Parallel Interaction

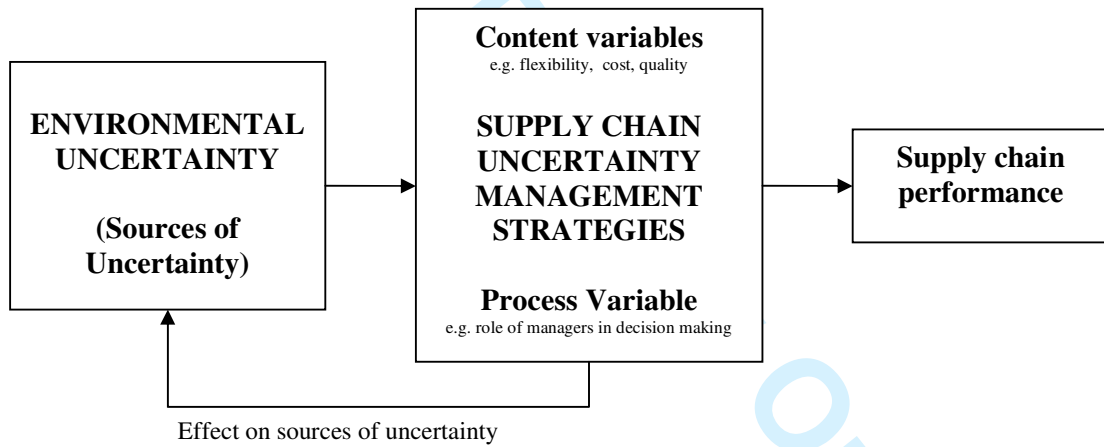


Figure 5: A Contingency Theory Based Model of Supply Chain Uncertainty

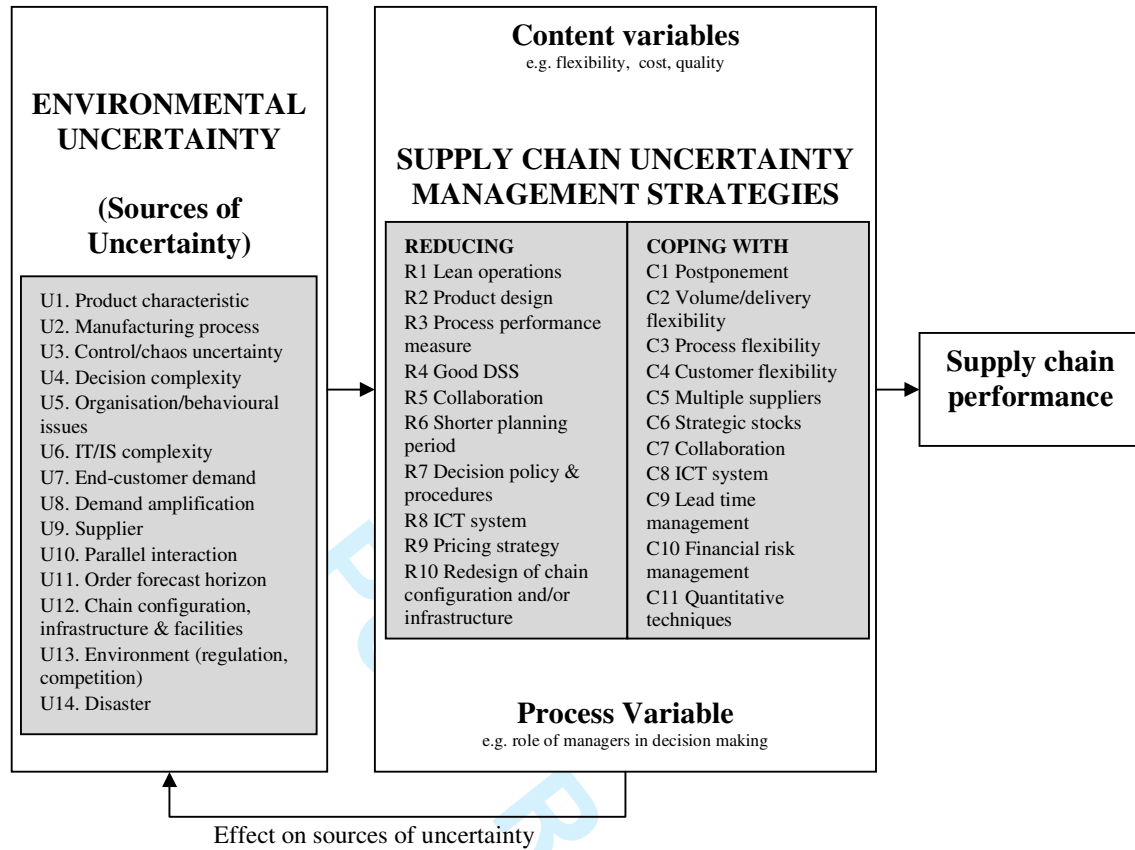


Figure 6: Populated Model of Supply Chain Uncertainty

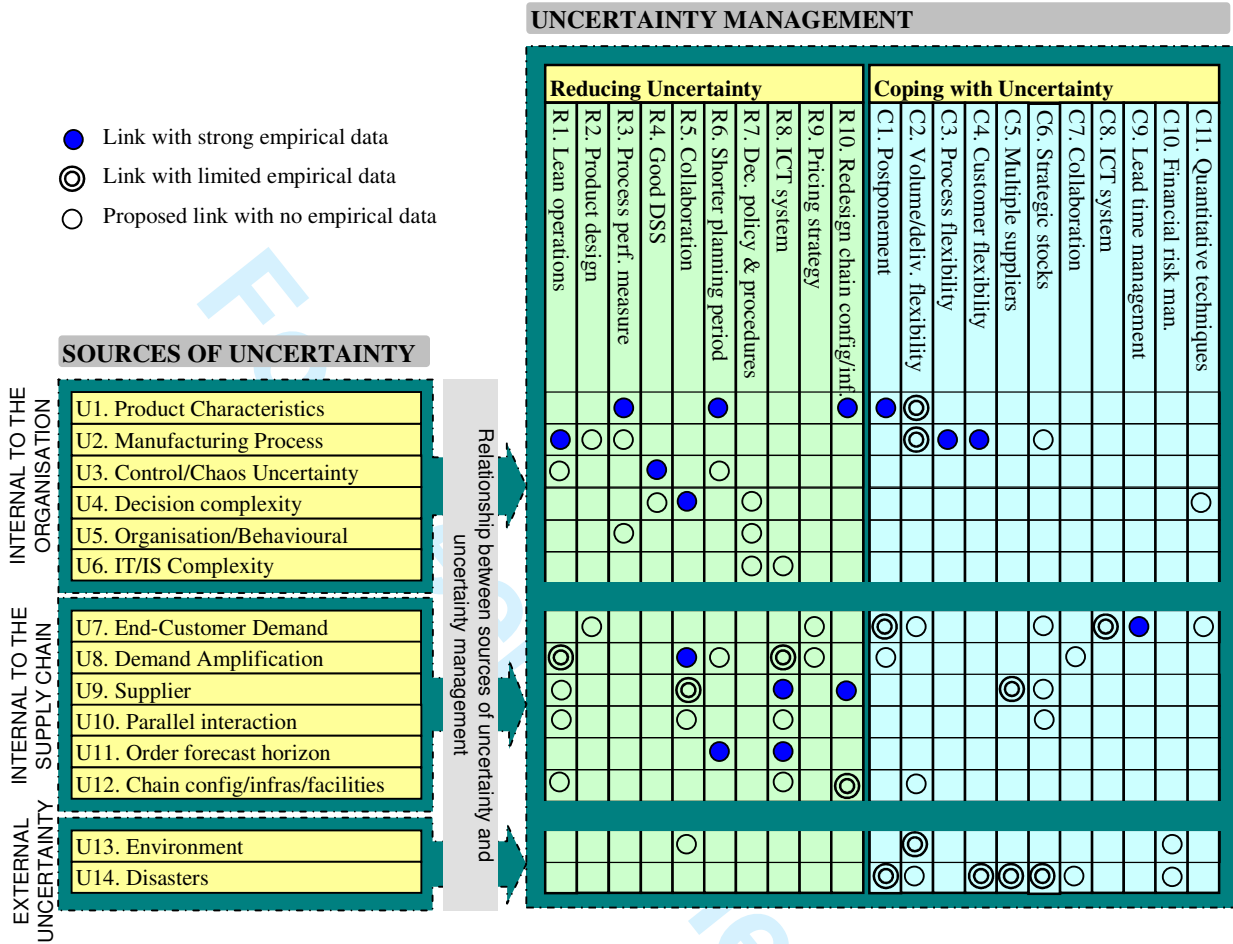


Figure 7: Alignment between Sources of Uncertainty and Uncertainty Management Strategies