The Impact of Institutional Distance on the Joint Performance of Collaborating Firms: The Role of Adaptive Interorganizational Systems

Speaker:
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Abstract:
Firms have made extensive use of interorganizational systems (IOSs) to share knowledge and pursue superior joint performance. Contemporary firms are using IOSs to collaborate widely across the value chain and in an ever-expanding geographic landscape. Thus, institutional distance, which is the difference between the firms’ respective institutional fields, has become a prominent challenge. In this study, we investigate the extent to which institutional distance affects IOS-enabled knowledge sharing and its impact on the joint performance of collaborating firms. We also explore the extent to which IOS adaptability could be a design solution for improving IOS-enabled knowledge sharing, given the challenge of institutional distance. Drawing on institutional theory, we propose that institutional distance, including its normative, cognitive, and regulative aspects, not only reduces IOS-enabled knowledge sharing, but also weakens the positive impact of such sharing on joint firm performance. Next, extending boundary object theory to the institutional context, we propose that IOS adaptability could be a solution to the challenge of institutional distance because it can directly strengthen IOS-enabled knowledge sharing. This strengthening effect is predicted to be even greater when institutional distance is high. Our hypotheses were tested through a field study that collected dyadic data from 141 distinct buyer/supplier channel relationships in four industries. The results from partial least squares (PLS) modeling fully support our hypotheses with regard to cognitive distance, partially support those related to normative distance, but do not support those related to regulative distance. We discuss the implications of these findings for theory development and professional practice.

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All Interested are Welcome