

DO&IT Seminar Series

Speaker: Arun Rai
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Leveraging IT Capabilities and Competitive Process Capabilities for Interorganizational Relationship Portfolio Management

Abstract

Firms are increasingly dependent on external resources and are establishing portfolios of interorganizational relationships (IRs) to leverage them for competitive advantage. However, the system of IT and process capabilities that firms should establish to dynamically manage IR portfolios are not well understood. We draw on the competitive dynamics perspective and resource dependency theory, and on the literatures on IT business value, interorganizational systems and interorganizational relationship management, to theorize how key IT structural capabilities (IT integration and IT reconfiguration) and competitive process capabilities (process alignment, partnering flexibility and offering flexibility) operate as a system of complements. We also theorize why a firm's IR portfolio moderates the effects of the structural IT capabilities on the competitive process capabilities, and why a firm's environmental turbulence moderates the effects of complementary process capabilities on competitive performance. We test our model using survey data from 318 firms in four industries. Our results provide broad support for the position that IT and process capabilities are interdependent and operate as a system of complements, that the relationship between the structural IT capabilities and the competitive process capabilities is contingent on IR portfolio concentration, and that the competitive advantage derived from the complements of competitive process capabilities is contingent on environmental turbulence. We discuss the theoretical and practical implications of how firms should develop a complementary system of IT structural capabilities and competitive process capabilities to dynamically manage IR portfolios and leverage external resources.

Arun Rai is Regents' Professor and the Harkins Chair in Information Systems at the Robinson College of Business, Georgia State University. Arun's expertise is in the management of IT-enabled innovation and the governance of interorganizational relationships. He co-founded the Robinson College of Business' Center for Process Innovation, an interdisciplinary research center that uses an Engaged Scholarship model for research based on industry-university partnerships. He has published over 75 publications in leading scholarly journals such as *Management Science*, *MIS Quarterly* and *Information Systems Research*. He serves as Senior Editor for *Information Systems Research* and as Associate Editor for *Journal of Management Information Systems*, and has also served as Associate Editor for *Management Science*, *Information Systems Research*, *MIS Quarterly*, *Journal of the Association for Information Systems*, and other journals. Arun has worked with major corporations, such as Daimler-Chrysler, Deutsche Bank, Cisco Systems, Gartner, Georgia-Pacific, IBM, Intel, SAP, SunTrust, and UPS on research projects and consulting assignments.