

Capabilities exchange through business interaction: An empirical investigation of a client–IT supplier relationship

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ABSTRACT

This article focuses on the opportunities for capabilities exchange within a specific business-to-business context: the relationship between a client and an information technology (IT) supplier. Research on the features of this type of relationship, although fairly extensive, has focused on IT implementation issues, relationship between IT resources, organisation performance and competitive advantage, IT outsourcing relationships and definition of IT capabilities. However, our understanding of the context where IT capabilities are exchanged within consultancy projects and how this exchange emerges is rather limited. The paper aims to bridge this gap by adopting the Industrial Marketing and Purchasing (IMP) group's interaction approach as a tool for conducting an in-depth investigation of a case study to analyse the context, the parties and the interactions through which IT capabilities are exchanged. The research reveals that interpersonal relationships between users and consultants within consultancy projects are crucial to establish a long-lasting and stable relationship. As a result, during consultancy projects IT-related resources, in the form of IT physical infrastructures, human IT resources and IT intangible resources are exchanged and combined to create or enhance IT capabilities. Furthermore, we also claim that the success of such an exchange depends very much on the degree of social and interpersonal exchange.

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1. Introduction

It is no longer a novelty that IT is changing the way companies perform. The importance of understanding the results of IT implementation is revealed by the amount of research dedicated to the subject. Lai and Mahapatra (1997) identified 71 papers related to IT implementation issues. Others adopting a resource-based view (RBV) of the firm, focused on the relationship between IT resources, organisation performance and competitive advantage (Bharadwaj, 2000; Mata et al., 1995; Ross et al., 1996; Powell and Dent-Micallef, 1997; Tippins and Sohi, 2003) and on the definition of IT capabilities (Bharadwaj, 2000; Yongbeom et al., 2006; Duhan, 2007; Bharadwaj et al., 1999). IT outsourcing relationships are also being strongly discussed among researchers (Kern and Willcocks, 2002; Hurley, 2001; Gonzalez et al., 2006; Kishore et al., 2003; Goo et al., 2007; Lacity et al., 1996) where the reasons for success in IT adoption are shifted from the IT products implementation to the management of relationships with service providers (Kishore et al., 2003). The importance given to

relationships in the context of IT implementation is also evident in research on client–consultant relationships (Mike, 2003; Shah, 1990; Chornoboy and Gardner, 1990; Larwood and Gattiker, 1986; Dawes et al., 2007). Despite these examples of IT research, existing literature relies more on what Bharadwaj (Bharadwaj et al., 1999) refers to as “anecdotal evidence, discussions with a few visionary IS executives or case studies of highly successful firms” (p. 379). This is particularly accurate when the subject on how to enhance IT capabilities is raised. The taxonomies of IT capabilities were identified (Bharadwaj, 2000; Duhan, 2007; Mulligan, 2002; Feeny and Willcocks, 1998), the importance of relationships with suppliers, consultants and service providers as keystones to successful implementations was also addressed (Kern and Willcocks, 2002; Goo et al., 2007; Mike, 2003; Webster, 1995; Lui and Chan, 2008; Zimmerman and Zelnio, 1986), but the links between IT capabilities development and relationships with IT suppliers were not fully explored. The researchers of the Industrial Marketing and Purchasing (IMP) group argue that capabilities are developed through interactions in the relationships with other parties (Håkansson and Snehota, 1989) and “if properly used supplier relationships can dramatically enhance the resources and capabilities that a company can use” (Ford et al., 2003, p. 97). In the same line, the capabilities perspective based on RBV suggests that relationships work as mechanisms to coordinate resources

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and capabilities that a company does not possess (Foss, 1999; Loasby, 1994, 1998).

In this sense, we have combined the contributions from the fields of industrial marketing and purchasing research and capabilities approach, specifically on IT capabilities, to argue that a company may boost their IT capabilities not only by purchasing and implementing IT resources but also through the process of interaction with the IT supplier during the implementation, which in turn will depend on the specific features of such a relationship. Therefore, this article seeks an understanding of the context, the parties and the interactions through which IT capabilities are exchanged within a client–IT supplier. To achieve this understanding, a single-case study was developed with two major goals: to define the key dimensions of the dyadic relationship between a company and an IT supplier and to explore the nature of IT capabilities as a type of exchange of the interaction process.

The paper is organised as follows. First, a review of the relevant literature is presented based on three main theoretical keystones: the IMP interaction model, the literature on consultancy relationships research and the IT capabilities approach. The section which follows presents the research propositions and explains the analytical framework. Thirdly, we address the research methodology undertaken to develop a single-case study, followed by the case analysis and discussion of the findings. The last section reveals the conclusions and implications of the study and brings in the limitations and suggestions for future research.

2. Theoretical background

2.1. The IMP interaction approach

A great amount of research on industrial markets have been conducted by academics within the Industrial Marketing and Purchasing group to provide a wider understanding of business markets in terms of dyadic buyer–supplier relationships and

industrial networks in which those relationships are developed and managed (Axelsson and Easton, 1992; Ford, 1980; Ford, 2002; Ford et al., 1998; Håkansson, 1982, 1987; Håkansson and Snehota, 1995). The IMP group has provided a key conceptual model, often quoted in industrial markets studies, focused on the nature of buyer–supplier relationships—the interaction model (Håkansson, 1982). Originally developed in the 80s in the context of manufacturing companies, the adoption of the model was later extended to explore relationships in services sectors. The model (Fig. 1) was adopted here to capture the key features of the client–IT supplier relationship since it provides a way of drawing the richness of relationships in a four-element analytical approach: the interacting parties, the interaction process, the interaction atmosphere and the interaction environment (Håkansson, 1982).

This approach takes relationships as a process of continuous exchanges (products and services, information, social and financial exchanges) developed in short-term episodes. Such exchange episodes may become institutionalized over time leading to expectations for further exchanges and for long-term relationships. In addition, the parties may make adaptations in the elements exchanged or in the process of exchange which includes adaptations of the product specification, product design, manufacturing processes, planning, delivery procedures, stockholding, administrative procedures or financial procedures (Håkansson, 1982). The interaction process also depends on the idiosyncrasies of the participants, organisations or individuals. Organisations are characterized in terms of technology, size, structure, strategy and experience, whereas individuals are characterized by their functional area, hierarchical level, personality, experience and motivation. The environment within which interaction takes place is characterized in terms of market structure, dynamism, internationalization, position in the manufacturing channel and social system. Finally, the atmosphere affecting and being affected by the interaction is described in terms of power-dependence relationships, conflict or cooperation, closeness and distance and mutual expectations.

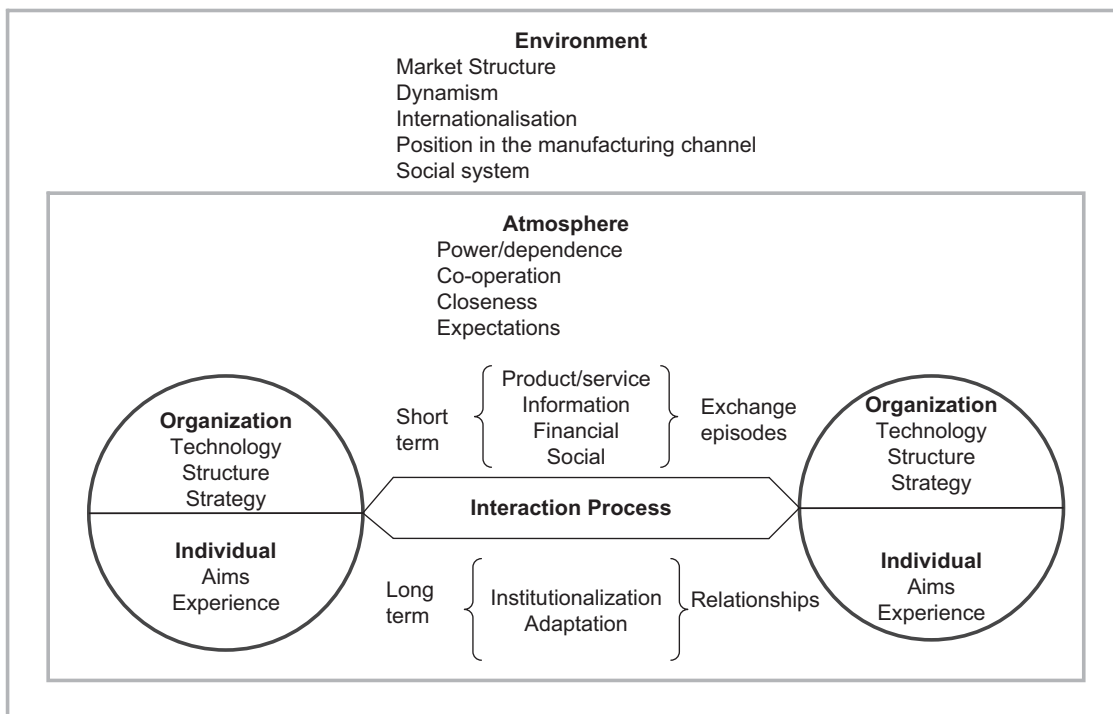


Fig. 1. The IMP Interaction Model (Håkansson, 1982, p. 21).

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