AMCIS 2019 Cancun: Blockchain Technology and Firm Performance

*TREO Talk Paper*

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The impact of technology on firm performance has always garnered interest among scholars for its equivocal outcomes. The IT Paradox, that posits both positive and negative impact of IT investment on firm performance, becomes larger when it comes to disruptions imposed by a technology such as blockchain (Wamba et al, 2017). This is because blockchain does not fit into the traditional theoretical frameworks designed to generate firm performance and achieve competitive advantage. It develops a trustless environment where users can trust the outcome without trusting the actors, and challenges centralized, top-down decision-making processes through radical transparency (Chedrawi and Howayeck, 2018). The disruptive nature and unconventional characteristics of the technology call for exploration and examination of the same. It is important to unpack the technology to explore if and under what conditions can the technology lead to profit maximization for a firm. In particular, it is critical to understand what resources/capabilities does a firm need to use an open-source technology like blockchain to achieve competitive advantage. This paper seeks to understand these questions from a theoretical analysis of extant literature in the information systems and strategy domains.

The paper starts off with reviewing and analyzing blockchain technology as a resource from a resource-based view (RBV) perspective (Barney, 1991), and discussing how it is different from other technologies with respect to generating firm performance and achieving competitive advantage. It will then move on to discussing the question that is hold significance for both academic research and practical utility: How can firms use blockchain to effectively take advantage of the affordances offered by the technology, and reap maximum returns. This discussion takes into account the dynamic capabilities perspective of firm performance. In essence the paper tries to identify the key resources that a firm may need to take realize the potential of blockchain. It is expected that the exploitation of blockchain will depend on having a unique combination of human, technological, financial, and strategic resources – and that this combination of resources and capabilities is the key to determining if blockchain will improve firm performance. This combination however may differ for different types of firms (for example, startups).

This paper is a first step towards identifying the strategic role of blockchain in firm performance. A follow-up case study is in the pipeline to provide triangulation for the findings.

**References (optional)**

