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Panel 18 Electronic Commerce and the Internet: Platform for Resource Redefinition

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ELECTRONIC COMMERCE AND THE INTERNET:  
PLATFORM FOR RESOURCE REDEFINITION

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In the past few years, much attention by the popular press has been focused on the commercial development of the Internet and the World Wide Web (WWW). Indeed, it is difficult to pick up a business news publication and not have at least one article on the Internet and electronic commerce. However, much of the journalistic work to date falls into two categories: (1) exploring the evolving technologies supporting this environment and (2) describing how various companies are currently using the WWW. There have already been several noted successes and failures as new and old companies begin to position themselves for competing within this digital domain. However, there has been painfully limited analysis of why these successes and failures have occurred, especially from an academic perspective. The purpose of this panel is to serve as a forum for such a discussion.

The panel participants will explore multiple reference disciplines for their potential contribution to understanding the basis of competition in electronic markets. Particular attention will be given to understanding the nature of industries, firm strategy, organization structure, and sources of competitive advantage. Details of each are provided below.

Industry convergence and the blurring of many industry boundaries has caused many researchers to question the utility of the Industrial Economic perspective of strategy (Porter 1980), which looks to characteristics of industry structure as the source of firm profitability. This once dominant strategy perspective has now been replaced by the resource based view of the firm, which instead looks to resources or competencies of the firm as the source of competitive advantage (Barney 1986, 1991; Dierickx and Cool 1989; Prahalad and Hamel 1990; Wernerfelt 1984). Within a world of increasingly omnipresent electronic channels, we must reflect on these theoretical disciplines and ask (1) is the industry a useful level of analysis for framing strategic thinking in digital domains of competition and (2) what are the properties of resources that will have value in these evolving arenas of cyber-competition?

In addition to fundamental issues around strategy, we must also question the nature of firm evolution and growth. Are traditional models of innovation and growth still appropriate or will this truly become an environment in which the Schumpeterian view of competition and innovation as “creative destruction” become the norm (Schumpeter 1934)? The answer to such a question influences not only the time frame for analyzing growth, but also the level of analysis (individual firm versus a broader population ecology perspective).

To survive such a radical shift in the environment, as well as many fundamental principles being questioned, firms must develop new organizational forms that will aid their achieving success in this new competitive world (Ilinitch, D’Aveni, and Lewin 1996). Many academics have questioned the role of the traditional hierarchy in today’s environment, and much attention has been given to process-based views of organizations in recent years. However, it remains to be seen if the process-based view will be the dominant future organizing principle. Key challenges in this area include (1) how can firms maintain the flexibility to adapt to changing conditions yet simultaneously have the stability needed to facilitate learning and control and (2) how much change can individuals and organizations accommodate before it becomes counter-productive?

The purpose of the panel is not to provide answers to these questions but to provide a perspective on vital questions in each of the above areas. This perspective and any tentative conclusions will be informed by ongoing research from the panelists.
REFERENCES


