Information Technology Impact on Interorganizational Relationships in Marketing Channels: Management of Cooperation, Conflict, and Information Sharing

Makoto Nakayama
University of California Los Angeles

Follow this and additional works at: http://aisel.aisnet.org/amcis1998

Recommended Citation
http://aisel.aisnet.org/amcis1998/418

This material is brought to you by the Americas Conference on Information Systems (AMCIS) at AIS Electronic Library (AISeL). It has been accepted for inclusion in AMCIS 1998 Proceedings by an authorized administrator of AIS Electronic Library (AISeL). For more information, please contact elibrary@aisnet.org.
Information Technology Impact on Interorganizational Relationships in Marketing Channels: Management of Cooperation, Conflict, and Information Sharing

Makoto Nakayama
The Anderson School
University of California, Los Angeles

Introduction

Competition is requiring firms in marketing channels to form tighter partnerships by using information technology (IT) as a critical enabler. However, the impacts from tighter IT linkages are a double-edged sword; some studies found IT-based coordination increases trust and cooperation while other studies viewed it as a source of contention. The purpose of this study is to assess IT impact on conflict and cooperation by looking at the total flow of communication in marketing channels.

Theoretical Background

One group of IOS studies found a positive IOR impact of IOS in the context of EDI use. A key reasoning in those studies is that EDI supplies more information to facilitate the mutual understanding between EDI adopters (Bensaou 1993; Stern and Kaufmann 1985; Vijayasrathy and Robey 1997). On the other hand, the second group of studies view that EDI-based information exchanges can increase a firm's risk and vulnerability (Clemons and Row 1992, 1993; Hart and Saunders 1997). One cause of the discrepancy between the first and second groups of IOS studies is the different assumptions about the nature of information exchanged through IOS. Indeed, past marketing literature suggests that non-IT factors influence both IT-based information sharing and the outcomes of IORs. Therefore, the assessment of IT impacts on IORs can be misleading without considering other relevant factors that affect IORs.

Theoretical Framework

This study proposes a theoretical framework in which we focus primarily on four major factors of channel communication—the strengths of interorganizational communication (IOC) ties at the top management and functional levels, IT-based IOC ties (the extent of IOS adoption/use), and the behavioral outcomes of IORs (conflict and cooperation) (see Figure 1). Applying the findings of network tie theory (e.g., Granovetter, 1973) and relationship marketing theory (e.g., Vlosky and Wilson, 1997), the study tests the following five hypotheses:

- **H1**: The strength of IOC ties at the top management level is positively associated with that of IT-based IOC ties.
- **H2**: The strength of top-management IOC ties is positively associated with that of functional IOC ties.
- **H3**: The strength of IT-based IOC ties is positively associated with that of functional IOC ties.
- **H4**: The strength of functional IOC ties is negatively associated with the level of conflict.
- **H5**: The strength of functional IOC ties is positively associated with the level of cooperation

Method

The study examines the hypotheses in the context of trading relationships between suppliers and retailers from the retailer's perspective. A survey questionnaire collects data, and structural equation modeling is used to analyze the data. There are two kinds of methodological challenges anticipated—pooling a sufficient number of valid survey respondents and removing key informant biases. Prior to survey administration, I will conduct two to three pilot case studies to validate theory and research method.

Conclusion

Survey data shows that IT-based coordination is not usually implemented or has mutual relational benefits unless firms maintain adequate communication ties at both top-management (leadership) and operational-personnel levels. However, given these two ties, IT-based ties indeed reduces conflict and increase cooperation. Although the study is based on just the retailers' view at a given time, it suggests practical guidelines for successful partnering.