

## DOCTORAL THESIS

### Information sharing, ordinary capabilities and firm performance: the moderating role of market orientation

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## ABSTRACT

Today's turbulent business environment has made external knowledge a dominant source of information in firms' attempt to develop and maintain a sustainable competitive advantage. Firms need to share and acquire new knowledge as they seek to develop new applications and to survive. Therefore, whether inter-firm information sharing has a direct effect on firm performance has become a central question in studies on strategic management and supply chain management. However, the empirical results remain largely divergent and inconclusive, ranging from a positive relationship to a negative relationship. This study advanced the literature by examining the mediating role of ordinary capabilities (manifested by operations capabilities) in the relationship between information sharing and firm performance. By drawing on the dynamic capabilities perspective, we propose that information sharing, as a dynamic capability, deploys and reconfigures the existing operations capabilities, which in turn lead to superior firm performance.

Furthermore, we used a dimensional approach to look at how the two types of information sharing, focal manufacturer-key suppliers (MS) information sharing and focal manufacturer-key buyers (MB) information sharing, may affect both ordinary capabilities and firm performance. Moreover, this study investigated how a firm's market orientation moderates the information sharing-operations capabilities link. We argue that market orientation positively strengthens the effects of both MS information sharing and MB information sharing on operations capabilities by driving a continuous and proactive disposition to meeting customer needs.

We randomly chose as our sample manufacturing firms from the official list provided by the provincial Association of Entrepreneurs in the Ning Xia autonomous region of China. The data collection was performed over a two-month period and 154 cases were considered valid for our study. Multiple regression and bootstrapping methods were used to test our model. Most of the key hypotheses have been supported. First, operations capabilities fully mediate the relationships between both types of information sharing and performance. Moreover, the three dimensions of market orientation (i.e., market intelligence

generation, dissemination, and responsiveness) positively moderate the effects of both MS and MB information sharing on operations capabilities, except for the moderating effect of market intelligence generation in the relationship between MB information sharing and operations capabilities.

Several implications, both theoretical and practical, are envisaged. First, our findings, which reveal that operations capabilities fully mediate the effects of information sharing on firm performance, contribute to unpacking the black box of information sharing and performance relationship in the buyer-supplier relationship context. The study offers an alternative explanation for the inconclusive empirical results regarding the relationship between information sharing and firm performance. We propose and verify a theoretical claim suggesting that information sharing is a necessary but insufficient condition to improve firm performance, and operations capabilities that are extended, modified, changed, and/or created by using information sharing determine the firm's market position, which in turn transforms the potential benefits of information sharing into superior firm performance. Second, our study goes one step beyond existing studies on the interactive effects of marketing capabilities and marketing orientation on firm performance. We demonstrate that it is the interactive effects of dynamic capabilities (information sharing) and market orientation on the development of ordinary capabilities (operations capabilities) that really matter to a firm's sustained performance supremacy in the long term.

The practical implication is that managers must ensure that their firms have ongoing inter-firm information sharing arrangements with their suppliers and buyers. At the same time, they should have good operations capabilities to take advantage of the shared information and transform the benefits into superior firm performance. Another practical implication is that manufacturers need a corporate culture of market orientation to maximize the positive effects of both MS and MB inter-firm information sharing on the development of operations capabilities since at the end of the day it is operations capabilities that contribute directly to the supremacy of a firm's performance.

**Keywords:** Information Sharing; Dynamic Capabilities; Ordinary Capabilities; Market Orientation

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