

Chapter 2

An Empirical Evaluation of Information Sharing Between Australia–Singapore Beef Organisations in Light of Trust and ICT Diffusion

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ABSTRACT

This study investigates cross-border collaboration between beef organisations in Australia and Singapore. It aims to identify factors impacting trust and technology diffusion by gauging gaps between expected importance and perceived performance rating of the factors. The research presents results of a survey comprising 69 beef organisations from Australia and Singapore. The research identifies critical gaps using two methods of analysis; validity analysis and performance gap analysis. Each method comprises two types of tests. The WarpPLS software is used to perform the validity analysis. Results indicate gaps in level of responsiveness. The research concludes that the success of cross-border collaboration between organisations in both Australia and Singapore can be better achieved through the establishment of information exchange relationships, rather than through the use of technology alone, and by ensuring compatibility between business partners.

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INTRODUCTION

Recent advances in information and communication technology (ICT) have brought with it ubiquitous, real-time connectivity (El Sawy 2001). These advances, coupled with globalisation, have created new forms of electronic markets, strengthened buyer-supplier relationships and fuelled the adoption and proliferation of online inter-organisational (within- or cross-border) collaboration (Riemer et al. 2009; Czarnecki et al. 2010; Peng and Woodlock 2011; Kheng et al., 2002). However, the availability of ICT does not automatically induce collaboration (Nahapiet and Ghoshal 1998). The literature emphasises that, in addition to ICT, effective collaboration requires a foundation of trust and commitment (Spekman et al. 1998; Simatupang et al. 2004). The consensus is that trust can contribute significantly to the long-term stability of an organization (Heide and John 1990; Ba and Pavlou 2002). Additionally, the literature identifies trust as a critical success factor in the development of organisational relationships (Luo 2002; Perry, Sengupta and Krapfel 2002; Ryan, Giblin, and Walshe 2004). Trust is often seen as an invaluable asset and a fundamental ingredient of any successful relationship (Walker 2004). Fukuyama (1995) further describes trust as the social glue that holds diversified, global organizational structures together. Palvia (2009) stresses that trust is one of the fundamental requirements for establishing online exchange relationships, leading to the suggestion that lack of trust between parties operating in virtual environment could cause those relationships to fail (Usoro et al. 2007; Paterson et al. 2008; Morid et al., 2012; Scarle et al., 2012).

Information sharing between organisations is an important prerequisite of any successful collaboration (Madlberger 2009; Svensson 2001). Information sharing, however, is also a major risk as shared information could be misused or disclosed to competitors. For this reason, organisations are reluctant to share information (Eurich et al., 2010). Effective information sharing is heavily dependent on trust that begins within the organisation itself and extends to those with whom the organisation collaborates (Bowersox et al. 2000; La Londe 2002; Medlberger 2009). The release and sharing of information can prove to be a rather challenging task, requiring a high degree of inter-organisational trust. If information is available but cannot be shared by collaborating organisations, its value degrades exponentially (Kwon and Suh 2005). Morgan and Hunt (1994) argue when both commitment and trust are present, partners produce outcomes that promote efficiency, productivity and effectiveness. Practices show many organisations collaborate or form strategic alliances to better their competitive position (Hoyt and Huq 2000). Lack of inter-organisational trust is claimed by Poirier (1999) as “the single biggest obstacle to advancing supply chain improvement”. It has also been reported that the biggest stumbling block to the success of strategic alliance formation is the lack of trust, and as such, trust can be perceived as a cornerstone of strategic collaboration (Spekman 1988). Ryu, et al. (2007) emphasise that trust is the key to the expansion of inter-organisational relationships. The study of Ryu et al. (2007) shows that trust in one exchange party is formed after the other party proves its abilities to offer solutions, and demonstrates its willingness to share information. O’Keefe (1998) adds that building trust relies on the parties’ willingness to relinquish some independence and develop mutual dependence.

Many researchers have suggested that the key to effective inter-organisational relationships is making available undistorted and up-to-date market information to every organisation within the supply chain (Childhouse and Towill 2003). By making information available and sharing it with other partners, information can be used as a source of competitive advantage (Jones 1998; Ko 2009). Sharing of information is one of the building blocks that characterize solid inter-organisational relationships (LaLonde 1998). Partners who regularly exchange information tend to work as a single ‘virtual’ entity (Stein and Sweat

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