Business Process Virtualization: An Empirical Study of Performance Implications and Contextual Factors of Success

by

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Abstract:
Following recent advances in information technology, the modes of communications and interactions between people, in general, are changing rapidly. This is also true at the organizational level; the modes of interactions between firms and their stakeholders, particularly customers, are undergoing rapid transformations. In this context, business process virtualization (BPV) is becoming an increasingly important topic for both academics and practitioners. BPV seeks to eliminate the physical interactions traditionally required between people engaged in business processes. However, in light of several operational issues and psychological barriers, questions have remained with respect to how effective BPV has been in practice.

We studied a sample of 323 BPV cases drawn from the period 1989-2011. We found that BPV is associated with increases in labor productivity. Following an application of the long-horizon event study methodology, we found that BPV is associated with firm performance particularly in terms of return on assets (ROA). We also found that customer related processes gained more benefits from BPV. Our empirical evidence shows that BPV had enabled low-market-share firms to penetrate high industry concentration markets (e.g., oligopoly markets).

We argue that the removal of physical interactions between firms and their customers does not necessarily create interaction barriers within the business processes conducted on a BPV platform. BPV could also lead to a cushioning effect among firm-customer interactions and customer identification with a given firm.

Bio:
Jacky received his BSc (distinction) in Business Computer from The University of Winnipeg, and MSc (distinction) in Management (Operations Management) from The Hong Kong Polytechnic University. Jacky had worked in the IT and the manufacturing industries. He is currently a visiting lecturer at The Hong Kong Polytechnic University and a PhD candidate under the supervision of Prof. Andy Yeung, Dr. Chris Lo, and Prof. Edwin Cheng.

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All are welcome!