

The Hong Kong University of Science and Technology
Dept of Information Systems, Business Statistics
and Operations Management
Frontiers in Operations Management Workshop



**Dual Sourcing in the Presence of Quality Uncertainty
When Consumers Are Fairness Concerned**

by

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Date : **2 December 2021 (Thursday)**
Time : **4:00 - 4:30 PM**
Venue : **Room G012, LSK Business Building, HKUST**



Abstract:

Original equipment manufacturers (OEMs) often source their components from two different suppliers to mitigate supply risks and enhance their bargaining power. However, a notable consequence of dual sourcing is heterogeneity in ex post quality among the final products from different suppliers. Such quality differences can cause peer-induced fairness concerns among consumers who receive products of lower quality: They feel unfair that they have paid the same price as others but receive inferior products. We characterize the effect of the ex post product quality heterogeneity induced by sourcing from different suppliers and the resulting consumer fairness concerns. We examine how the quality differences and fairness concerns affect an OEM's sourcing strategy selection, the supplier's wholesale pricing, and the OEM's optimal ordering decision.

Bio:

Dr Xin Wang is an Assistant Professor at the Department of Industrial Engineering and Decision Analytics in the Hong Kong University of Science and Technology. He received his Bachelor's degree from Tsinghua University, and PhD from Tepper School of Management at Carnegie Mellon University. His main research interests lie in supply chain management, innovation management, and sharing economy. He is the recipient of the first prize in the INFORMS Technology, Innovation Management and Entrepreneurship Section (TIMES) Best Working Paper Award Competition in 2019.

All interested are welcome!

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