Chapter XII

The Effects of Information Quality on Supply Chain Performance: New Evidence from Malaysia

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Abstract

This chapter introduces how information quality plays an important role in supply chain performance. In order to make smarter use of global resources, the companies should pay attention to the quality of information to provide better services to their customers. This chapter examines the factors influencing information quality and investigates the influences of information quality on supply chain performance. The information quality is classified into four types: accuracy, completeness, consistency, and timeliness. The influencing factors include technological, organizational, and environmental characteristics. Supply chain performance is measured based on financial and nonfinancial indices. It can be found that the extent of information quality will increase supply chain performance and the extent of information quality is influenced by technological, organizational, and environmental characteristics. The authors hope to understand the factors that influence information quality towards better supply chain performance and hope this will not only inform researchers of a better design for studying information quality but also assist in the understanding of intricate relationships between different factors.
Introduction

We are living in a technological age with knowledge workers and information factories, which receive input from external information sources, analyze and manage information, and create new knowledge. They give output as output to the external world, producing information products. Hence, the quality of information is critical for the success of firms and managing information is their core competence. Pugsley et al. (2000) supported this in their study showing that an economy-based knowledge emerging with information is essential for any ongoing organization. The globalization of products, services, markets, and competition has increased the need for flexibility, quality, cost effectiveness, and timeliness (Hunter et al., 2002). A key resource for attaining these requirements is information quality and it has revolutionized business practices and now plays a more central part of business strategies (Pollard & Hayne, 1998).

In addition, growth in global business and technologies led to a dramatic rise in global supply chain. One key to effective supply chain is to make the materials function more efficiently (Bowersox, Closs, & Cooper, 2002). Supply chain has become an important source of competitive advantage. However, in order to deliver products quickly to customers, many companies seek to improve the information. Sauvage (2003) claimed that to fully satisfy the diversifying requirements of customers, many companies had improved their service efficiency by improving the quality of information. Chapman, Soosay, and Kandampully (2003) suggested that companies should pay more attention to information quality and the quality of information can only be implemented through technology, knowledge, and relationship networks.

Fuld (1998) warned companies of the dangers of old data and irrelevant information and noted that poor information quality on the chain can create impact to firms’ business performance. Continuous technological advancement can assist companies to revolutionize the way they operate and conduct their business and the quality of information might enable companies to enhance their service abilities. Therefore the research questions of this study are: “What are the factors affecting the extent of information quality for companies?” and “Can information quality improve supply chain performance?” The study is conducted in Malaysia. Due to the trend of globalization, the Malaysian government has delivered several policies to make Malaysia a global supply chain center. Many companies in Malaysia have begun to pay more attention to information quality due to global supply chain policies. The next section illustrates a summary in information quality and supply chain performance, while the third section introduces the antecedents of information quality. A description of the research design and data collection in the fourth section leads us to an analysis of the results and a discussion of the findings are presented in the fifth section. This is followed by the conclusion and research implications.
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