The Impact Analysis of Information Technology on Organizational Success

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ABSTRACT

Information technology success has been widely discussed in the past two decades. As systems and technologies are being improved and developed, discussions on their effectiveness and evaluation on their success have been continuously debated by researchers, scholars and practitioners throughout the years. Besides the major concern of information technology effectiveness, this study identifies availability of internet facilities and software packages as the major independent variable affecting organization success. A purposive selection was adopted in selecting forty (40) medium scale enterprises from the five (5) divisions of Lagos state. Descriptive statistics was used to determine the distribution of the data collected and co-efficient of multiple determinant (R2) was used to determine the percentage contribution of the enterprises that had access to internet facilities and software packages to the variance that occurred in the profitability, relative market share and innovative strategy the findings revealed that the percentage contribution of the enterprises that had little or no access to internet and software packages to the organizational success is very low.

Keywords: Information Technology, Internet, Organization, Organizational Success

INTRODUCTION

The rapid growth in the use of information technology systems has led to several changes in the workflow of both the private and public sectors. Starting in the nineties, the public sector’s conservative approach to using information technology systems began to change. Old and rigid systems have been replaced by the new flexible systems. The new systems have helped to overcome the problem of inefficient public service and information delivery in the public and private sector. In their most current discussion of the concept, the authors pointed that there was a huge gap in the IT studies in which many researchers seem to overlook (DeLone, el al., 2003).
Studies in IT success have given few attentions to the antecedent of the TS success. One of the important antecedent factors of IT success is the technological factor. It was envisaged that the technological factors contribute greatly to the IT success of an organization.

Recent research highlights the role that investments in new information technologies (ITs) play in creating business value and executing business strategy (e.g., Brynjolfsson & Hitt 1998; Dewan & Kraemer 1998). Yet in competitive markets, a firm’s ability to earn an adequate return on strategic IT investments depends on the capabilities of the human elements present for information systems design, development, deployment and management. In this research, we focus on this other kind of IT asset – one in which individuals and firms can invest – IT human capital. As organizations scramble to leverage new technologies, the skills and knowledge required by firms employing IT professional’s changes. The result is an environment in which firms and individuals must make investment decisions to develop and then apply competencies necessary for success. This creates opportunities for those with relevant skills, but it makes skill set development and retention a critical challenge for individuals and organizations alike. We address these issues in the context of human capital theory, a theoretical perspective that views investment in a workforce as a capital investment (Becker, 1962, 1995; Becker, Murphy, & Tamura, 1990). IT human capital is defined as the productive capacity embedded in an IT professional that results from endowment and relevant investment activities that occur over time. Economics treats various issues of IT human capital: models of human capital investment (Glomm & Ravikumar, 1992, Keane and Wolpin 1997), separation decisions (Johnson, 1978; Parsons, 1986), and employee mobility (Katz & Ziderman 1990).

**Theory**

Human capital theory posits that individuals invest time and resources in knowledge and skill development to acquire productivity-enhancing skills. The resulting capital assets give an individual leverage in an employment relationship and help them earn a market wage. Rational agents decide among alternate investment and employment actions and seek optimal levels of productivity consistent with individual goals.

Nevertheless, as firms and individuals pursue relationships, each is constrained by imperfect and asymmetric information. Thus, good skill-to-position matches require some experimentation as firms and individuals test for relationship value. This motivates a theory of job search (Mortensen, 1986) in which individuals search for appropriate matches, and lays the groundwork for job matching (Sicherman & Galor, 1990) and occupational choice (McCall, 1991) theory. They explain job and occupational changes as a search for a more appropriate match between an individual’s human capital and her employer or occupation.

These theories offer sound economic reasoning for separation behavior as an individual seeks to maximize return on investment in human capital over the course of her working life. They will do so subject to information and resource constraints. Managerial actions and policy also influence individual employment-related behavior. For example, the nature of a position may constrain the value that an individual can create for the firm. This limits return on capital for anyone employed in that position.

**OBJECTIVES**

The aims of the article are to determine the profitability of an organization with internet facilities and software packages in place. The article also aim to determine whether with the above i.e. internet facilities and software packages can improve their relative market share and innovation strategy.
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