Chapter III

Impact of Organisational Intranets on Profitability in Organisations

Udo Richard Averweg, eThekwini Municipality and University of KwaZulu-Natal, Durban, South Africa

Abstract

Organisations are being forced to invest heavily in the deployment of information systems (IS) to obtain value and benefit in the new knowledge-based environment. Organisational intranets are being used as the platform for developing and deploying critical business applications to support business operations and managerial decision-making across the Internet-worked enterprise. Executive Information Systems (EIS) grew out of the information needs of executives. Web-based technologies are causing a revisit to existing information technology (IT) implementation models, including those for EIS. Some technologies include intranet, Internet, extranet, e-commerce business-to-business (B2B), e-commerce business-to-consumer (B2C), wireless application protocol (WAP), including other mobile technologies. The author conducted a survey of 31 well-established organisations in KwaZulu-Natal, South Africa, which successfully implemented EIS. A validated survey instrument
was administered to an EIS stakeholder in each organisation surveyed to rank Web-based technologies in order of their perceived impact on EIS implementation in organisations surveyed. The author reports that an organisational intranet has the highest level of impact on EIS implementation in organisations surveyed in KwaZulu-Natal, South Africa. Given this impact, justifying investment in such IS and IT should be carefully evaluated and quantified.

Introduction

Organisations are being forced to invest heavily in the deployment of information systems (IS) to obtain value and benefit and to stay competitive in the new knowledge-based environment. Managerial tasks in organisations typically require more collaborative work than day-to-day operational tasks (Abraham & Seal, 2001). Abraham and Seal (2001) report that an intranet facilitates the communication behaviour between individuals who have to accomplish a task together. Giesecke (2001) foresees that creating information will become a team process. Communication is facilitated because the intranet provides the platform to integrate communication tools (e.g., electronic mail) as well as information sharing mechanisms (e.g., databases and file servers). Information technology (IT) investment uses certain of an organisation’s resources. It makes it easier for people in managerial roles to make use of IT to carry out their work. Users in organisations are demanding that the IS used by the organisation should be more efficient and effective (Wessels, 2003). The use of the intranet becomes integral to the success of the managerial functions in the organisation.

Intranets are being used as the platform for developing and deploying critical business applications to support business operations and managerial decision-making across the Internet-worked enterprise (O’Brien, 2000). Many applications are designed to interface with and access existing organisation databases and legacy systems so that employees (within the organisation) can access and run such applications using Web browsers from anywhere on the network whenever needed. O’Brien (2000) reports that some intranet-using organisations are in the process of Web-enabling operational and managerial support applications including executive information and decision support. One theme in information communication technology (ICT) management theory is the effect of IT investment on the risk of managers in the IT-using industry and this serves as a backdrop. Although IS expenditure is regarded as risky and costly, many IS investments appear to go ahead without the use of formal investment appraisal and risk management techniques (Ward, 1996). The impact of organisational intranets on executive information systems (EIS) implementation in organisations is a focus of this chapter.
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