

Chapter 9

Key Determinants of Successful Implementation of IT in International Commercial Bank

Tarek Hatem

The American University in Cairo, Egypt

Elham Metwally

Misr International University, Egypt & The American University in Cairo, Egypt

ABSTRACT

This research reports the results of a single case study that covers a successful project of IT implementation in International Commercial Bank (ICB) from the Egyptian banking industry. The case highlights leadership actions, as well as other related factors regarding effectiveness of IT implementation that are linked to strategic competitiveness and value creation. Multiple sources of data were used. Primary sources include in-depth interviews in semi-structured format with industry authorities, IT and retail banking managers, and the bank's executives in general; whereas, secondary sources of data include annual reports, website information, and financial statements. Findings show that successful implementation was influenced by the interplay of several management practices, which eventually, had an impact on strategic competitiveness through their impact on some in-house attributes; notably, a dominating constructive cultural pattern leading to higher levels of organizational commitment, and the bank's value chain.

INTRODUCTION

The motivation behind the choice of the research topic is the recognized increasingly important role IT is playing in how business operations are conducted, and its significance as one of the determinants of strategic competitiveness. The researchers wanted to examine the complex

process of implementing new systems owing to several interrelated issues involved that decide on the success or breakdown of implementation. The banking sector relies heavily on technology-based delivery channels and payment systems, such as automatic teller machines (ATMs), phone banking, call centers, mobile banking, and Internet Banking, to provide its service. But achieving strategic competitiveness through IT is challenging since in a modern economy, and with technology evolution,

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IT is necessary for doing business and creating value to different stakeholders. Moreover, achieving strategic competitiveness through IT alone is not easy as it entails an in-depth understanding of how to successfully deploy it. The researchers were guided by two trends of research, executive studies and reports, and academic research, theories and models. These interplayed in some extent in three areas of concern; namely, strategic management, management of change, and information systems, successful implementation was clarified by looking at the case of International Commercial Bank (ICB).

BACKGROUND

Successful implementation of IT and achieving strategic competitiveness has always been a challenging goal for banks. To understand the key success determinants of IT implementation in banking, the researchers examined previous literature on strategic competitiveness, literature on the impact of IT as one antecedent to competitiveness, as well as previous studies on mediating factors influencing the relationship between IT resources and strategic competitiveness; namely, challenges facing effective management of IT resources.

Previous researchers on antecedents of strategic competitiveness and value creation (Amit & Shoemaker 1993; Hatem, 2003; Hitt, Ireland, & Hoskisson, 2001; Hofstede, 1980, 1983; Penrose, 1959; Porter, 1985, 1990, and 1999; Rogers, 1983; Schumpeter 1934; Senge 1994; and Wah 2002), emphasized an organization's internal resources, capabilities and core competence, organizational innovativeness, learning organizations, the impact of cultural values and cultural competency on management systems and organizational practices, impact of nations, governments and industries, factors conditions and industry competition, as well as productivity levels. Research of quite a few scholars on the role of IT, being one antecedent of strategic competitiveness, on productivity and

profitability of organizations, and consequently competitiveness, has been substantial (Balmer, 1998; Balmer & Soenen 1999; Brand & Duke 1982; Kim & Weiss, 1989; Melewar & Navalekar, 2002; Morisi, 1996; Oster & Antioch, 1995; Swierczek, Pritam, & Bechter, 2005; Radigan, 1996).

Some literature on mediating factors influencing the relationship between IT resources and strategic competitiveness included issues on effective management of IT resources. In studying competitiveness, Ross, Beath, and Goodhue (1996), commented that in a business environment with a fast-evolving nature and technology-based operations, the challenge is not deciding upon the right technology; it is more on how to effectively address changes in organizational roles, structures, and processes on adopting a new IT, to eventually enhance organizations' competitiveness. A mounting literature highlighted the role of IT executives in effectively leading IT projects, different challenges facing organizations in finding mindsets that can effectively manage change, develop effective IT capability, synchronize strategy and IT, think about information technologies' strategic impact as a change agent, and in general, make things happen (Anol & Rudy, 1997; Barnes, Mieczkowska, & Hinton, 2003; Hill & Collins, 1999; Ian, 1997; Johnson, Fidler, & Rogerson, 1998; La Porte, Demchak, & Friis 2001; Matsui, 2002; Picket, 2004; Prahalad & Krishnan, 2002; Proctor & Doukakis, 2003; Ross, Beath, & Goodhue, 1996; Schultz, 2005; Weiss & Anderson, 2004). Therefore, to stay alive and face competition in the world of technology and to exploit speedy improvements in IT, organizations are bound not only to change but also to effectively manage such change. And accordingly, in an increasingly unstable and fast changing business environment, more pressure is placed on organizational leaders. They must be more alert to changes in the external environment to identify different forces such as breakthroughs in IT that might alter competition and provoke planned change (Branch, 2005).

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