

Chapter 4

Beyond Efficiency and Productivity: ICT Business Value, Competitive Growth and the Construction of Corporate Image

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ABSTRACT

Firms employ information and communication technology (ICT) in their pursuit of competitive growth and the productivity-related business value that accrues from its use is widely acknowledged. However, the organizational literature has long recognized that operational efficiency and productivity are not the only factors required for corporate success. One of the primary tasks facing firm leaders is the management of external stakeholders' impressions of the firm that enable it to gain access to external resources. This chapter explores this additional symbolic dimension of ICT business value by investigating how and when the simple possession and use of ICT itself might create favorable impressions of the firm, yielding business value and competitive growth over and above its effects on operational efficiency and productivity. Using qualitative and inductive methods, the authors identify established and emerging ICTs' additional symbolic meanings for potential customers and develop a model of the judgment process through which ICT affects corporate images. When assessing the business value of ICT savvy managers should consider both efficiency and organizational image. Implications for theory, practice, and future research are discussed.

DOI: 10.4018/978-1-60960-132-4.ch004

INTRODUCTION

Firms employ established and emerging information and communication technologies (ICT) in their pursuit of competitive growth and the productivity-related business value that accrues from their use is widely acknowledged. Advice for increasing the positive impacts of ICT has focused on developing planning and implementation processes that are most likely to result in operational productivity benefits (e.g., Peppard, et al. 2007). The literature on justifying ICT investments often rests on demonstrating the business value of ICT as a complementary asset in the efficient and effective handling of information. It is believed that the value of ICT lies in its potential to improve the efficiency of transactions and other routine operations, enabling better analysis and strategy, etc. These, in turn, will enable firms to efficiently manage internal operations and supply chain activities to enhance productivity and profitability (Gregor, et al., 2006; Melville et al., 2004; Murphy & Simon, 2007) and achieve competitive growth. Rarely do researchers consider the business value of ICT from a perspective other than that of the operational efficiency/productivity paradigm (Kwon & Watts, 2006).

However, reliance on a single paradigm or method may seriously limit our understanding of any IS phenomenon (Orlikowski & Iacono, 2001). This paper steps back from the dominant paradigm and explores the business value of ICT using a comparatively nontraditional approach that draws upon commonly accepted traditions in non-IS business research. The organizational literature has long recognized that operational efficiency and productivity are not the only prerequisites for organizational success and competitive growth (Meyer & Rowan, 1977). One important task facing firm leaders is the management of internal and external stakeholders' impressions of the firm (Elsbach, et al., 1998; Pfeffer & Salancik, 1978). Creating desired impressions enables firms to gain access to external resources that are crucial to their

survival and growth such as labor, financing, and most importantly, a stream of income from sales (Starr & MacMillan, 1990; Stinchcombe, 1968).

Theoretical analysis by Feldman and March (1981) and subsequent empirical study by Feldman (1989) demonstrated that the simple possession of information in organizations can produce benefits irrespective of the actual use of such information. In their work, information proved to play a powerful role as a signal and symbol of desirable organizational qualities. By transitivity, it is reasonable to assume that the long-recognized, socially interpreted properties of ICT (cf., Robey & Azevedo 1994) might generate business value through such signaling and symbolic mechanisms. This assumption has been supported by recent research on the link between ICT and perceptions of legitimacy (Noir & Walsham, 2007; Gaglio, et al., 1998; Winter, et al., 2009), demonstrating that the business value of ICT extends beyond efficiency improvements to include a symbolic dimension. This paper while confirming the value of ICT in creating legitimacy explores this additional symbolic dimension of ICT business value by investigating how and when the simple possession and use of established and emerging ICT itself might create favorable impressions of the firm, providing business value over and above its effects on operational efficiency, productivity and legitimacy.

Research on the computerization of work has explored what ICT symbolizes to internal stakeholders (employees) and the effects of these meanings on implementation (e.g. Fichman, 2000; Jackson, et al., 2002; Moore & Benbasat, 1991; Prasad, 1993; Robey & Azevedo, 1994; Robey & Boudreau, 1999; Saga & Zmud, 1994). It has also considered what ICT signals to external stakeholders such as shareholders, regulators and funders (Noir & Walsham, 2007; Ranganathan & Brown, 2006) and to developers and special interest groups who create an emerging ICT's symbolic meaning (e.g. Garud & Rappa, 1994; Swanson and Ramiller, 1997).

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