BUSINESS VALUE OF INFORMATION TECHNOLOGY IN A NETWORK ENVIRONMENT

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Abstract

Business value of information technology (IT) continues to be an important issue for both practitioners and academic scholars. Most IT business value literature focuses on the scope of an individual firm and overlooks the impact of the network environment it resides in. On the other hand, interorganizational system (IOS) studies tend to rely on a single information system and fall short on providing a complete picture of IT business value in a network environment. This study extends current IT business value models with explicit inclusion of the network environment factors and examines effects of IT resources on network capabilities and firm performance. Considering theories of dynamic capabilities, flexible specialization, and social network, we propose that IT resources are directly related to both network characteristics and network capabilities. In turn, these network characteristics and capabilities affect firm performance. By referring to different theoretical bases and proposing a nomological model, we advance current IT business value research and provide guides for IT practitioners. We plan surveys in large, multidivisional and multinational companies to test our proposed model.

Keywords: IT business value, social network, dynamic capabilities, flexible specialization, firm performance