

CHAPTER ONE

INTRODUCTION

In the last two decades, the measurements of Information System (IS) success has received a great deal of attention in the IS literature. MIS researchers have pointed out a number of measures such as resource utilization, response time, flexibility and reliability rates (DeLone and McLean, 1992). However, some of these measures are considered to be of limited value because of the difficulties to assess. For example, determination of a system's financial payoff to the organization can be obscured by the inability to differentiate between the contribution made by the IS versus the contribution made by, say, superior marketing planning.

Keen (1981) showed that defining and quantifying the benefits of an IS is very difficult. While the cost of an IS can be estimated, putting a dollar value on the benefits is difficult since the benefits of an IS can be transient or may not be totally quantified. Moreover, tangible benefits also cannot be easily demonstrated for the more advanced decision-support system applications (Laudon and Laudon, 2000).

Hence, MIS researchers have preferred to concentrate instead on the human and organizational measures of system success such as information quality, system quality, and the impact of systems on organizational performance (DeLone and McLean, 1992). Of numerous possible measures, user satisfaction has received the most attention and has been the primary measure of success (Melone, 1990). User satisfaction has also been the predominant means of evaluating end-user computing (EUC) and IS success (Rivard and Huff, 1988). Therefore, IS success is interpreted as user satisfaction in this study.

1.1 Purpose of the Study

This pilot study intends to examine determinants of information system (IS) success, from the perspective of user satisfaction. A model of end-user satisfaction with IS is developed based on the composite critical success factors (CSFs) for IS. Application of this model is then used in setting up an evaluation criteria for organizational computing.

The specific purposes of this study were designed as follow:

- (i) To examine the eight composite critical success factors (CSFs) of information system (IS).
- (ii) To analyse the relationships among the composite CSFs and IS success in order to evaluate which factors have a direct/ indirect impact on IS success.
- (iii) To develop a model of IS success based on the basic structure of relationships among the composite CSFs considered in this study.

1.2 Scope of the Study

The scope of study was limited to the followings:

- (i) As there are many measures that can be used in setting up an evaluation criteria for IS, it is impossible to investigate all the measures in one study. Therefore, the most common measure of an information system's success - user satisfaction with the system was selected.
- (ii) For the sample selection and data collection method, a questionnaire was used to gather data about end users' perceptions on the importance of the forty-six component items of CSFs towards successful implementation of IS. The sample was restricted to the executive staffs in Credit Card Centre

(CCC) and Credit Management Division (CMD) of Hong Leong Bank headquarters.

- (iii) This study is a pilot study with the expectation that subsequent research will be required to provide conclusive evidence. It intends to crystallize a problem and identify information needs for future research. (Zikmund, 2000)

1.3 Significant of the Study

They are four primary contributions of this study:

- (i) This study intends to provide a better understanding of CSFs that end-users regard as important in contributing to IS success and effectiveness.
- (ii) The model of end-user satisfaction with IS could help to identify key determinants of IS success and explain how the determinants influence one another and IS success.
- (iii) This study also provides valuable guidance to both managers and researchers. Specifically, the model of IS success can guide researchers in studying the IS as well as managers who are involved in establishing and operating IS.
- (iv) This research also addresses the three levels of management activities, i.e. strategic planning, management and operational controls which are closely related to the successful implementation of IS. So, it helps to create the awareness for the business organizations to achieve strategic competitiveness through fully utilizing information technology.

1.4 Limitations of the Study

There are several shortcomings in this study. First, the questionnaire relied entirely on perceptual measures such as "perceptions towards the importance of CSFs". Thus, it has weaknesses pertaining to the reliability and validity of the measure.

Second, in order to keep the study reasonably manageable, the survey was carried out by using convenience sampling method. As such, it only focused on the executive staffs in headquarters of Hong Leong Bank that are known by third person who is also holding similar positions. Perhaps the measurement of CSFs can be made more rigorous if the responses of several end-users from different departments were used in the analysis.

With the limitations in time and other resources, the study covered only banking industry. Thus, it is a pilot study in nature and it would only reflects the results of limited number of respondents responded. No generalisation of the study's findings can be made. However, it should serve the purpose of this academic research requirement.

1.5 Organization of the Study

Chapter one intends to introduce the various approaches of the measurements of Information System (IS) success. It also mentions the purposes and scope of the study, the significant and limitations as well as the organization of the study.

Chapter two discusses the literature most relevant to the major constructs addressed in this study, including an introduction to end-user computing (EUC) and also a review of critical success factors (CSFs) for IS.

Chapter three states the research methodology adopted for this study. It provides a description of the study's objectives, the design of the research instrument, the sampling procedure, the data collection procedures, how the main constructs addressed in this study were measured, and the data analysis techniques undertaken to produce the results.

Chapter four provides the findings of the survey. It begins with a description of the general characteristics of the respondents, followed by a summary of the respondents' perceptions towards the importance of forty-six CSFs. Reliability test and factor analysis will also be performed to identify or select surrogate variables for the associated composite CSFs. Lastly, regression analysis were carried out to determine the extend of the relationship between composite CSFs and the IS success.

Chapter five provides a summary of the research findings and conclusions. In addition, recommendations for future research and practical implications of the research findings were also discussed.