

Chapter 5 Conclusion and Recommendation

This study seeks to review the IS/IT evaluation practices currently applied among the local Malaysian banks. It addresses the questions of how often evaluation is conducted throughout the life-cycle of system development, the usage of various IS evaluation methodologies, the impact of system characteristics and finally the influence of stakeholders (in terms of qualification and position) on the choice of evaluation methods.

Based on the survey, evaluation of IT investment during feasibility stage is always carried out. This finding is similar to the survey done by Canevet and Smithson (1995). However, the same cannot be said for system development and post-implementation stages. Cost/revenue analysis and cost-benefit analyses are two of the most popular evaluation methods used among practitioners. This implies that IS evaluation is more often conducted for the purpose of financial justification or to obtain management approval for the IT project rather than for organizational learning as put forward by Symons (1994). Even though non-financial methods of evaluation such as MOMC and CSF are used during development stages, evaluation at this stage is only sometimes being done. Nevertheless it shows that the purpose of evaluation (seen in different stages of evaluation) do influence the choice of evaluation methods used.

The Project ladder theory (Farbey et al 1993) is confirmed in so far as the usage of non-financial methods of evaluation. Non-financial methods for IS evaluation gain importance as the type of system moves up the "Ladder" from mandatory to business transformation. Practitioners generally recognize the greater incidence of risk and uncertainty, as the project type heads towards strategic nature and senior management are more actively involved. However, methods such as simulation or experimental is not considered important by the practitioners. For financial methods of IS evaluation, the importance is maintained irrespective of system types, which again point to the fact that financial approaches are the preferred methods of evaluation.

More recent researches have considered IS evaluation as more of a social process and stakeholders involved in the exercise are an important element to consider within the context of evaluation (Farbey et al 1993; Walsham 1993; Willcocks and Margetts 1994; Serafeimidis and Smithson, 1999; Palvia, et al 2001). From this study, stakeholders with different qualification showed significance difference in the perception on the level of importance in using financial IS evaluation methods but no significant difference on the usage of non-financial IS evaluation methods. Stakeholders with Accounting qualification showed a preference for financial methods thus proving the mental models theory (Senge 1994; Farbey et al 1993; Symons 1994). Likewise, the choice of evaluation methods is significantly different among the groups of stakeholders who assume different roles in the IS evaluation exercise. The difference in opinion among various groups of stakeholders, whether differentiate by qualification or roles, provide important implication to the IS evaluation exercise. It implies that evaluators should be concerned in arriving at some form of consensus regarding evaluation methods among the different group of stakeholders involved in the activity.

5.1 Suggestion for future research

The results showed that although practitioners are aware of other qualitative measures, IS/IT evaluation methodologies among Malaysian banks have not moved away from traditional accounting approaches. It is therefore worthwhile to investigate the reasons for it and what motivates stronger preference on financial/objective methods. IS evaluation being a social process, it would be interesting to analyze other factors such as political agenda among stakeholders, that may influence the choice of IS evaluation methods. One possibility is to do case studies using action research whereby the researcher works in collaboration with the organization to diagnose problems and solve it within that context (Farbey et al 1999).

This study is conducted among Malaysian local banks and with a small sample size, generalization on stakeholders' perception is somewhat limited. It is suggested that this research be extended to foreign banks or other types of industry so as to obtain a better representation of the population.

5.2 Practical implications of the Research Findings

The observations in this study provide a general view on the approaches the local banks used to evaluate the organization's IT investment. It is useful for accountants who wish to provide consultancy work on IT evaluation to know how it is done currently and what are the areas for possible improvement or change.

This research provides the foundation for future improvements in the area of IT evaluation process among managers and researchers. It also provides some valuable insights into the importance of stakeholders in the IS evaluation exercise. As a social process IS evaluation should not be carried out using standard methods without considering the context of which it is being performed. Stakeholders have an impact on the process and it should be noted that their opinion may differ due to differences in their qualification and the roles they play in the IS evaluation process.