DECISION QUALITY: THE IMPACT OF PROCESS REDESIGN AS AN INTANGIBLE BENEFIT ON INFORMATION TECHNOLOGY INVESTMENT DECISIONS

by

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ABSTRACT

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IT investment decisions often focus on tangible costs and benefits such as technical, strategic, and financial issues. Less tangible benefits such as process redesign integration, have been largely ignored. Decisions makers who rely solely on these tangible costs and benefits for their assessment of IT investment value without integrating intangible benefit consideration may be making sub-optimal decisions and investments. This study looked at the important, yet often overlooked, intangible benefits consideration in the IT investment decision process with particular focus on process redesign as an intangible benefit.

Survey questionnaires were sent out to a sample of 949 firms in three industries: healthcare, chemical, and insurance to solicit information from the chief information officer (CIO) on the level at which they integrate process redesign consideration in the IT investment decision.

Several important findings resulted from this research effort. First, the study identified seven component factors of process redesign and used these factors to measure the level of process redesign integration into the IT investment decision. Second, the study confirmed, empirically, that there was an association between the consideration of tangible

and intangible benefits. Those firms that expend large effort or resources towards tangible benefits consideration also spend more effort or resources toward intangible benefits consideration than otherwise. Third, it was empirically determined that certain process redesign benefit factors received greater consideration than others. Fourth, it was determined that decision makers considered tangible benefits to be more important than intangible benefits consideration and expended a greater portion of effort or resources towards the consideration of the former. Finally, this study found that the strategic relevance of IT in an organization was associated with the level of effort or resource deployment towards intangible benefits. Additional areas for further research were also identified.

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