

Effect of information system resources and capabilities on firm performance: Evidence from apparel industry

Poornima Udawaththa* and W. M. J. I. Wijayanayake

*Department of Industrial Management, Faculty of Science,
University of Kelaniya, Sri Lanka
poornimalakmali@gmail.com*

Information systems (IS) play a vital role in almost every organization compared with all other resources in a firm. Organizations mostly rely on information systems to carry out and manage their operations, interact with their customers and suppliers and compete in the marketplace. So examining the contribution of IS resources to firm performance is critical in the current environment.

In apparel industry, Information Technology (IT) with IS has become an integral part. Like service industries, few departments of the apparel industry are fully depended on IT or Enterprise Resource Planning (ERP) Systems. There are so many recent cases in the world which provides us better evidence on how critical IT is in an apparel industry. Since the apparel industry being the no one leading contributor to the export revenue, understanding whether and how IS resources have affected the firm performance in apparel industry is an important research area to carry out a study, as it allows the management to know the value of their IS investments.

Some research studies that have been carried out so far posit a direct relationship between IS resources/capabilities with firm performance, while others have questioned the direct-effect argument and emphasized that IS resources/capabilities are likely to affect firm performance only when they are deployed to create unique complementarities with other firm resources. So the main objective of the research is to identify the effects of IS resources and capabilities on firm performance in apparel industry.

An empirical test will be performed on a selected sample with reference to the apparel industry in Sri Lanka in-order to achieve the objective mentioned in the research. As an initial step, existing information system resources and the capabilities in each selected firm will be identified. Then the extent to which IS resources are deployed in the firm will be identified.

A quantitative methodology will be employed. Data will be collected through surveys using questionnaires on a five-point Likert scale, interviews with IS specialists, system analysts and data administrators relevant to each firm. The conceptual model that has been developed referring to literature will be tested by the questionnaire for applicability. Questionnaires will be based on the variables and their indicators identified from the literature. Questionnaire will be tested with a sample for validity and will be based on self-assessed scaled items. Data collected through descriptive methods will be analyzed using descriptive statistic techniques to find out the relationships with the independent and dependent variables. The *partial least squares* multivariate technique will be used to analyze the data. The empirical results will be then analyzed to develop the implications for Sri Lankan business managers.

Keywords: Information system, Firm performance, Resource based view