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Mediating Role of Managing Information Technology and Its Impact on Firm Performance: Insight from China

Abstract

Purpose – Managing IT with firm performance has always been a debatable topic in literature and practice. Prior studies examining the above relationship have reported mixed results and have yet ignored the eminent managing IT practices. The purpose of this paper is to empirically investigate the relevance of Val-IT 2.0 practice in managing IT investment, and its mediating role in the firm performance context.

Design/methodology/approach - This paper developed on two themes of literature. First managing IT as a firm's IT capability in order to generate value from IT investment. Second IT as a firm's resource under resource-based view offers firm's competence that deploys potentials in achieving firm performance. The structural equation modeling with PLS techniques used for analyzing data collected from 176 organization's IT, and business executives in China.

Findings - The results of this study show empirical evidence that Val-IT's components (value governance, portfolio management, and investment management) are significantly linked to the management of IT, and it found to be a significant mediator between Val-IT components and firm performance.

Research implications - This research contributes to the literature and practice by way of highlighting the value generation through managing IT on firm performance.

Originality - This study is fully based on Val-IT 2.0 with the firm performance where the managing IT mediate this relationship in a country-specific study in China. This study adds to the Chinese information system literature which suffers the lack of empirical studies in the context of management of IT research.

Key words: Management of IT, Value IT, IT business Managers, Firm performance

Paper type - Research paper