

Information Technology Capabilities and Organizational Performance: Mediating Role of Strategic Benefits of It: A Comparison between China and Pakistan

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Abstract : The primary purpose of the study is to observe the relationship that exists between the organizational information technology (IT) capabilities and the organizational performance in China and Pakistan. Nations like China and Pakistan utilize modern techno-how to enhance their production endeavors. Therefore, making a wide-ranging comparison of the manufacturing services between China and Pakistan was chosen due to numerous reasons. One reason for carrying out this comparison is to determine how IT of the two countries enhances organizational competency on small and medium-sized manufacturing enterprises (SMEs). The study hypothesized that organizational IT capabilities (IT infrastructure, IT competence) have a positive influence on organizational performance and the strategic benefits of IT have a mediating effect on the relationship between IT capability and organizational performance. To investigate the relationship between IT capabilities and organizational performance, surveys were sent to managers of small, medium-sized manufacturing organizations located in the southwestern region, Sichuan province of China, and Pakistani companies, which are located in Islamabad, Lahore, and Karachi. These cities were selected as typical representatives of each country. Organizational performance has been measured in terms of profitability, organizational success, growth, market share, and innovativeness. Out of 400 surveys distributed to different manufacturing organizations, 303 usable and valid responses were received that are analyzed in this research. The data were examined using SPSS and Smart PLS computer software. The results of the study, including the descriptive statistics of each variable, are used. The outer model has been measured with considerations to content validity, discriminant validity, and convergent validity. The path coefficients among the constructs were also computed when analyzing the structural model using the bootstrapping technique. The analysis of data from both China and Pakistan yields an identical but unique result. The results show that IT infrastructure, IT competence, strategic benefits of IT are all correlated to the performance of the organizations. Moreover, strategic benefits of IT have been proved to mediate the relationship between IT capabilities and organization performance. The author, concerning the role of IT on the performance of an organization, highlights the different aspects as well as its benefits in an organization. The overall study concludes several implications for both managers and academicians. It also provides the limitations of the study and offers recommendations for future studies and practice.

Keywords : organizational performance, IT capabilities, IT infrastructure, IT competence, strategic benefits of IT, China, Pakistan

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