

Evaluating Internet technologies business effectiveness

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Abstract

This paper focuses on analyzing the relationship between Internet technologies and firm performance. This relationship is examined not only from the simple presence of Internet technologies, but also according to different e-business orientations: e-business orientation to customers and e-business orientation to internal processes. In addition, the relationship between Internet technologies and the proposed e-business orientations is examined. To achieve these objectives, a theoretical model is developed and tested by using structural equation modelling on a dataset of 1010 firms. The results show a positive relationship between e-business orientations and firm performance. In contrast, the results confirm that the merely presence of Internet technologies is not positively associated with firm performance.

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Keywords: Internet; Internet technologies; Internet adoption; e-Business; Business effectiveness; Firm performance

1. Introduction

The adoption of Internet technologies can provide distinct value propositions to the firm. These come from the offering of information online, the possibility of establishing electronic communications and exchange of information and the conducting of transactions online (Soto-Acosta and Meroño-Cerdan, 2006). With regard to the offering of information online, Internet technologies present high reach and richness of information (Evans and Wruster, 1999). Reach refers to the number of people that are reachable quickly and cheaply through these technologies and richness relates to the depth and detail of information that can be provided. Internet technologies can also be a source of value creation to the firm through efficient intra- and inter-organizational communications. With an Intranet's ability to provide intra-organizational communication at reduced cost, employees can distribute and communicate their ideas more readily, enabling them to be more involved in the decision-making process (Lai, 2001). Other alternatives come from the possibility of hosting discussion forums, where employees can create and share knowledge, which may be used for group learning. Moreover, effective communications are necessary when building and maintaining long-term customer relationships (Cannon and Homburg, 2001; Heldal et al., 2004). Thus, many businesses are now competent in

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