THE EFFECT OF INFORMATION TECHNOLOGY ON PERCEIVED PRODUCTIVITY: A STUDY ON LUXURY HOTELS IN THAILAND

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ABSTRACT

This study has the objective to investigate employees' perceived information technology (IT) productivity of luxury hotels in Thailand, in order to recommend strategies for IT investment, especially at present when there is very strong market competitiveness and increasing customer demands. The population of study consisted of 50 luxury hotels, with 17 five-star and 33 four-star hotels throughout Thailand. The quantitative data are collected from 240 hotel employees in four departments, namely Front-office department, Back-office department, Guest-related department and Restaurant and Banquet department utilizing questionnaires as a research tool. Independent variables consisted of informant personal data and general information, and department details, while the only dependent variable was the effect of IT on employees' perceived productivity. The results of study show that hotel employees perceived IT overall productivity as neutral. Although employees believe that IT is reliable and has up-to-date technology that can facilitate their daily tasks, the perceived high cost of IT system, as well as the job security concern of not being able to keep up with IT innovation, lower the overall perception or worthiness of IT. The results suggest that no clear comparative advantages or disadvantages of IT applications have been perceived.

INTRODUCTION

The tourism and hospitality industries are considered the largest and fastest growing industries in the world. As a result, 'global scope, diversity, and interdependent activities require firms to make effective use of information systems and communications technologies (Connolly, 1999: 45). However, corresponding costs associated with technological investment and transaction processing can be a considerable part of a hotels' overall budget.

In the current environment where the hospitality industry has become increasingly competitive, it is essential to increase business productivity to claim a competitive advantage. Porter (1985) suggested the potential and value of IT for driving competitive advantage. He argued that technological change was among the most

prominent forces driving competition. Hensdill (1998, cited in Connolly, 1999: 24) suggested that the focus 'is beginning to shift towards more strategic applications as IT spending throughout the industry rises' and that 'investing in technology simply to manage a hotel is no longer sufficient'. In addition, Olsen and Connolly (2000) confirmed that the use of information technology could place knowledge and information at the core of a hospitality organization's competitive profile, while Frew (2000a, b) emphasized that technology would cause a major revolution in the hospitality business.

Researchers have realized that the relationship between IT investment and resulting productivity is complex and multifaceted. The system may be supported by the various types of IT applications within the hospitality industry which vary significantly: Internet, intranet, e-mail con-