

# **CHAPTER 1**

## **INTRODUCTION**

### **1.1 Background of The Study**

Since the development of technology in the early 21<sup>st</sup> century, firms globally changing their structure to adapt and accept the new wave of globalization especially those related to information technology. Technology has achieved what could not be imagined in the previous century to cross the time space barrier. Managing a branch in other region at the same time no longer viewed as something unfeasible. This technological advancement also change how a person/department in an organization work. For instance, an accountant in a firm no longer handle the flow of money but also handle the flow of information. Technology have enabled top management to keep track of company's branch or affiliate performance, both operation and/or financial.

Back in the industrialization era, opening a new branch or production facility always face one problem. The problem was, "who will be in charge?" or "how can we keep an eye of a production facility in other country?". But the real question and the most important one is "how we can integrate and exchange the information easily?". The answer for those question lies in the development of technology, especially the biggest one human kind has observed which is rapid,

dynamic, and versatile in a very short time which is internet. Internet push technology to leap forward into one seamless stream of massive data which is information age. Thus, an employee can access and exchange information easily between department within a company.

Access and exchange of information is used widely in Company X, especially the Finance Department. The data seek, used, and exchange not only cover some region but also data across Indonesia. The technological advancement has enabled company X to centralize the financial management activities and all related decision making in finance across branches could be incorporated in one office, in Surabaya. However, the ideal and the practice might not be the same and may vary. Moreover, the stream of data is vast whereas only a handful of employee manage those vast amount of data. Thus, error is bound to happen in the stored data.

In addition, with the ASEAN Economic Community the company planned to integrate all Asia Pacific Finance services. The problem lies in balancing IT investment. Technology can be developed and used in different ways and are practically a limitless opportunity. On the other hand the resources available is limited. Aside from technology, company need to allocate their budget well in managing the company. For such big project, a heavy investment should be made. However, which and what technology that is in the best interest for the company and should be well invested.

Smith et al (2007) in the *Journal of Information Technology Management* discuss how to balance IT investment opportunities. His

work, “Developing Information Technology Strategy for Business Value” suits well with the technology and competitive advantage point of view as it assess technology strategy for business value. Thus, Company X can see from a different perspective how the development of Information Technology Strategy can create business value.

In summary, with the limitless opportunities of technology and limited resources, a decision regarding the allocation of budget should be made. Technology strategy comes in play for such decision to take place. In order to decide which and what technology that is currently used should be enhance and developed, employee performance is used by previous researcher to assess the technology strategy management. This paper is concerned on and help managers to make a decision regarding which and what technology should be invested with employee performance taken into consideration.

## **1.2 Scope of The Study**

This research focus on the role of Information and Communication Technology advancement in increasing Fixed Asset Accountants performance in Company X.

## **1.3 Research Question**

To understand more about Information and Communication Technology advancement and employee performance, several question is raised as follows:

1. What is the role of Information and Communication Technology in Company X?

2. To what extent has Information Technology (hardware, software, and internet) help employee in their job task?
3. How hardware contribute to help employee in their job desk?
4. How software contribute to help employee in their job desk?
5. How internet contribute to help employee in their job desk?
6. Which is the most that contribute to help employee in their job desk?
7. How technology can increase Company X's employee performance?

#### **1.4 Objectives of The Study**

In accordance to research question, the answer for those question cover the objectives of the study as follows:

1. To explore the role of Information and Communication Technology and its importance in Company X.
2. To investigate the Technology-Task Fit based on Unified Theory of Fit.
3. To investigate if hardware contribute to the increase in employee performance.
4. To investigate if software contribute to the increase in employee performance.
5. To investigate if internet contribute to the increase in employee performance.
6. To explore where to allocate the budget for technological development/innovation.

7. To explore how information technology can increase employee performance.

## **1.5 Significance of The Study**

This study has significant impact on:

1. Academic

This paper can be used as one of the reference for those who do similar research study or continual study especially about the role and impact of Information and Communication Technology advancement to employee performance.

2. Practice

Organization can understand more about technological advancement role and its impact. Knowing this, organization can use technological advancement to increase employee performance.

## **1.6 Writing Systematic**

### **Chapter 1: Introduction**

This chapter explain briefly the main problem and will further developed later in this study. Chapter 1 contains background of study, scope of the study, research question, objectives of the study, significance of the study, and writhing systematic.

### **Chapter 2: Literature Review**

This chapter contains the theoretical literature that become the basis for this research.

### Chapter 3: Research Methods

This chapter contains research design, object of the study, object of interview, type and source of data, data collection method, data analysis, and research instruments.

### Chapter 4: Analysis and Discussion

This chapter contains the analysis of the research finding obtained from observation and interview.

### Chapter 5: Conclusion and Suggestion

This chapter contains the conclusion derived from this study and suggestion that can be used by company.