

## **Do Firm's Characteristics Influence its IT Strategies? A Study of the Driving Force of a Firm's Decision to Appoint IT Expertise**

Ashraf Khallaf

**American University of Sharjah**

The demand for information technology expertise has grown rapidly in the last few decades. This study explores factors that determined a firm's decision to hire a chief information officer (CIO) at the top management level during the period 1987-2002. The study proposes several reasons why firms appoint CIOs, including firm size, level of innovation, and firm prior performance. The study examines support of these assertions by comparing the aforementioned characteristics of firms that create the CIO position in the top management level with those of other firms in their respective industries prior to the appointment of new CIOs. Findings provide evidence that the demand for the chief information officer (CIO) position is driven by specific firm characteristics. A logistic regression model that considers CIO firms and their matched firms indicates that firms are more likely to hire a new CIO after they experience loss, have larger capital expenditures and higher market value.