Editorial Preface

The Relevance of Global Management Information Systems Research to International Business

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International business (IB) is a relatively new field compared to traditional disciplines in the social sciences. Its contemporary thinking and development has been interdisciplinary, and the field has advanced based on a strong reliance on theories and concepts derived from traditional areas of business viz economics, marketing, finance, and management, that have shaped its scholarly works during the past 40 years. However, to date, IB has not drawn from MIS research to the same extent that it has drawn from the traditional business areas mentioned above. In fact, MIS research has begun shifting from a field highly reliant on other disciplines for initial theory and method, to one influencing other areas (Baskerville and Myers, 2002). Interestingly, while influences on other business disciplines such as economics, accounting, and marketing are noted as well as non-business fields such as agriculture, architecture, and engineering, Baskerville and Myers (2002) do not indicate an influence on international business.

There are a number of reasons why it would be of value to assert the importance of global information management (GIM), a subset of MIS, as a referent discipline for IB. First and foremost, IB research is incomplete without a significant GIM and MIS contribution. Why? The impact of global management information systems (GMIS) on internationalization has enabled the MNE to allocate its resources more optimally to enhance performance (Rose & Straub, 1998). We have also observed that inadequate information technology and infrastructure constrains the options available to firms for organizational control and coordination—at least in the short run (Gibson, 1994; Chidambaram & Chismar, 1994). Second, GIM/MIS has a significant contribution to make to IB research. How? When used effectively, the GMIS deployed by firms doing business on a worldwide basis can achieve economies of scale, economies of scope, and economies of coordination and agglomeration (Dunning, 1993). Further, the management of resources—viz physical, human, financial, and technological—in the most efficient manner differentiates the winners from the losers (Barney, 1991). GMISs clearly can enable or constrain management’s ability to marshal all resources toward its desired ends. Much of the remainder of this paper will present some prominent IB conceptualizations and explain how GIM/MIS findings can contribute to a fuller understanding of the dynamics involved.

Establishing the value of GIM/MIS as a pillar of IB will enhance the standing of research in our domain, potentially elevating it to membership with other business areas as part of the
explanation of global economic phenomena. Naturally, such an expanded visibility should pressure the GIM/MIS community to constantly improve research methods, theory building and conceptualization, and clarification of thoughts and ideas. Having reviewed GIM work in a past issue (Niederman, Boggs, and Kundu, 2002), it is clear that we already have a great deal to contribute and significant work to continue improving within our own domain.

In this editorial, we suggest several perspectives/frameworks that demonstrate the urgent need for managers of multinational corporations to integrate GIM/MIS into corporate strategy formulation and implementation in order to enhance MNE performance on a worldwide basis. The first has to deal with the linkage of core competencies to firm competitiveness using Porter’s (1980, 1985) ‘value chain’ or Dunning’s (1993) ‘value-added network’ concept. The firm’s core strategy can be broken down into three components as depicted in Figure 1.

Our assertion here is that the core strategy of a firm is the intersection of product, country, and functional strategies. In order for the firm to sustain and enhance its core competencies, the firm must allocate resources on a continual basis to develop, maintain, and improve information technology management skills at all levels of its strategy, viz product, functional, and country. In this competitive landscape, the firm’s survival and future growth depends upon efficient management of information in the company’s value-added networks. To take this point one step further, we propose a second framework, shown in Figure 2, that showcases the firm’s commitment to enhance its management information system capabilities operating in single versus multiple markets.

As observed from Figure 2, firms demonstrating a high level of commitment to enhancing both internationalization and information management capabilities are the winners in the global marketplace. One of the underlying reasons for the phenomenal growth of international business has been the rapid growth of computerization and telecommunication infrastructure. It is imperative in this day and age that managers of dynamic organizations integrate the information management and international business goals in order to set their companies apart from competitors.

Next we propose how the development of GIM/MIS knowledge (through practice and/or research) can inform and aid in the extension of the IB domain. Specifically, we will consider firms expanding their operations on a worldwide basis.

A widely held international business model (Perlmutter, 1969; Bartlett & Ghoshal, 1989) holds that firms move through five stages of increasingly sophisticated international presence—uni-national, international, multinational, global; and transnational. Knowledge gained from GMIS practice and research can provide descriptive and normative insights into a variety of questions important to IB researchers. For example, observations regarding infrastructures supporting firms can provide clues to the preferences and tendencies at each structural stage. To the extent that firms move from one stage to another, knowledge of preferences and tendencies at each stage can create better understanding of the pathways for transition between them. For example, suppose that GMIS research were to find that uni-national organizations tend toward centralized IT equipment and control, but international firms centralize IT at each different country site. This would suggest that uni-national firms transitioning to an international stage would need to (1) build centralized sys-

Figure 1: Core Strategy
tems in each operating country and (2) develop coordination among them. The awareness of these dual needs may prompt the design of centralized systems with the understanding and expectation of eventual coordination. As a result, it may be beneficial for short-term decisions to favor standardization of equipment and software (even if marginally more expensive or less optimal for local needs) in order to avoid extremely expensive and risky future integration activities. Such a scenario would be subject to empirical verification of the descriptive nature of IT supporting firms at each stage, the normative characteristics that define the most cost-effective approaches at each stage, and the detailed observation of actual firms moving between stages. Although not framed as an investigation in international business, Gibson’s (1994) study examined the relationship between firms with varied strategic emphases (loosely following the stages presented above) and variations of IT infrastructure design.

Information technology can provide great value, but comes at significant cost. As a result, poor decisions regarding investment in IT can limit the realization of benefits; they can also create costly burdens if inappropriate IT configurations receive significant investment dollars. A significant portion of GMIS research has addressed issues such as (1) centralization and decentralization of IT resources (Cummings & Guynes, 1994; Gordon, 1993); (2) the infrastructure of firms and nations (Chidambaram & Chismar, 1994); (3) patterns of diffusion and use of information technology by workers of various cultures (Hill, Loch, Straub, & El-Sheshai, 1998); and (4) the relative advantage of various sources of application acquisition (e.g., custom in-house versus outsourcing) (Lacity & Willcocks, 2000; Kern & Willcocks, 2000; Ramanujan & Lou, 1997). Each of these research streams aims to help distinguish the more from less likely cases where positive benefits are realized and burdensome costs avoided.

Although strategy is important for business competitiveness, many excellent strategies built on poor execution have failed. It is important for international business to compare not only the strategic decision making of firms, but also the tactical and operational decisions that bring such strategy to reality. We have argued above that GIM/MIS research is one method for creating a broader picture of the full range of factors that describe multinational enterprises and provide explanation for their variance in performance. In previous work, (Niederman, Boggs, & Kundu, 2002), we have argued that international business can be an effective referent discipline for GMIS. Here we would add that GMIS should be considered as a referent discipline for IB.
perhaps someday on an equivalent footing with others in the business domain, and, in the authors’ view, it is in our field’s best interest to work for this to occur.

This discussion has emphasized that GMIS research can have an impact on IB research and further that this ought to be viewed as an important goal by GMIS researchers. A logical research question linking GIM and IB is: do different strategic and tactical approaches to global information management influence generally accepted IB outcomes such as profitability and market share? Of course this is followed by considering if they do have such an impact, what mechanisms operate, to what degree do they make a difference, and under what contingencies do these operate? Even more specifically how do IT differences in infrastructure, locus of control (e.g. centralized, decentralized) for technology and authority, specific applications (e.g., ERP or CRM), development approaches (e.g., outsourcing versus custom development), cultural sensitivity, and national policies and climates influence generally accepted IB outcomes? Although GMIS research to some degree addresses these questions already, linking findings to the IB literature and research community ought to create stronger links between the two disciplines with benefits accruing to both.

REFERENCES


