Relevance of Information Systems Strategic Planning Practices in E-Business Contexts

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ABSTRACT

Increasing global competition and advances in Internet technologies have led organizations to consider e-business strategies. However, evolving e-business strategies have been identified as a critical issue faced by corporate planners. The relevance and the use of IS (Information Systems) strategy planning practices in the context of e-business have been argued among researchers. In this paper, the authors investigate whether organizations can successfully improve the IS value in the e-business context by suitably extending and modifying IS planning practices. To achieve this objective, the authors use a longitudinal case study of an Indian automotive manufacturer to critically evaluate ‘why’ and ‘how’ e-business strategies differ from IS strategies. The authors compare and analyze five important planning parameters (strategic alignment, technological environment, formalization, role of the IS function, and implementation planning) and the IS value of both IS and e-business contexts. The research reveals that the e-business contexts are characterized by significant changes in planning parameters. Extending IS planning experiences and proper management of these parameters results in successful e-business strategies. The paper is concluded with a set of implications for deploying e-business strategies in developing countries and directions for future research.

Keywords: Developing Countries, E-Business Strategy, India, IS Strategy, IS Value, Planning Parameters

INTRODUCTION

Internet has emerged as an enabler of competitive business strategies to cope with the changing business environment across the world (Zhu, 2004). Business on the Internet or e-business in its broadest sense refers to the use of Internet for carrying out business activities such as selling products and service, servicing customers, collaborating with business partners and carrying out internal activities within geographically distributed organizations (Weill & Vitale, 2001; Turban, 2002). Successful e-business diffusion is considered as one of the most significant Information Technology (IT) innovations in contemporary organizations and
it offers a new set of opportunities and challenges to the planners (Lin & Lin, 2007). E-business is also characterized by ever changing scope of applications, technological advancements, level of resource commitment and the expected organization-wide changes. E-business strategy relates to the objectives and plans used to achieve business goals in which information exchange enables or facilitates the execution of activities in and across value chains through Internet so as to achieve competitive advantage (Holsapple & Singh, 2000; Apigian et al., 2005). However, formulation and implementation of e-business strategy have been identified as a critical issue facing IS executives and researchers (Li & Chang, 2004; Coltman et al., 2007). Research focusing on the strategic perspective of e-business is limited and is less than 10% of research articles (Ngai & Wat, 2002).

An e-business strategy provides a basic plan that specifies the development objectives, and determines the development directions for achieving the objectives within a given time scale. It is concerned with multidimensional characteristics associated with various levels, different parties, and different elements (Bakry & Bakry, 2001; Li & Chang, 2004; Coltman et al., 2007). E-business strategies differ from traditional Information Systems (IS) strategies in terms of linkages with business strategies, the scope and levers of change, and the strategic benefits (Hackbarth & Kettinger, 2000). IS strategy planning models and approaches were developed prior to the advent of Internet and hence failed to explicitly consider the forces that shape organizational growth and success in the e-business era (Pant & Ravichandran, 2001). In the dynamic and competitive business environment with enormous scope for leveraging Internet technologies, traditional approaches to IS strategy planning is likely to be inappropriate (Peters et al., 2002). However, it is also argued that the theories and practices of IS strategy planning are applicable in e-business strategy (Hooft & Stegwaee, 2001; Finnegan et al., 2003).

With these diverse views, the objective of our research is to investigate as to (i) ‘why’ and ‘how’ e-business strategies differ from IS strategies by comparing and analyzing five important planning parameters, namely, strategic alignment, technological environment, formalization, role of the IS function and the implementation planning, and the IS value of both IS and e-business strategies and (ii) how organizations can improve the IS value of e-business strategies by suitably extending and modifying IS strategy planning practices. To meet the above objectives, we have carried out a longitudinal case study of a large automobile company in India and compared the planning parameters across IS and e-business strategy contexts. The paper is organized into three major sections, wherein the first section deals with literature review pertaining to planning parameters and IS value, the second deals with the objectives and research methodology of the study, the third section contains the analysis of the case and a detailed discussion. The paper is concluded with a set of implications for the developing countries and directions for further research.

**REVIEW OF PREVIOUS RESEARCH**

The aim of the present research is to investigate as to ‘why’ and ‘how’ e-business strategies differ from IS strategies by comparing and analyzing important planning parameters and the IS value of both IS strategy and e-business strategy contexts. Five parameters, namely strategic alignment, technological environment, formalization, the role of the IS function and the implementation planning are selected for the study. These parameters have been repeatedly stressed in the previous research for their importance in IS strategy as well as in e-business strategy. Prior research on each of these parameters across these two contexts is reviewed and presented in the following section.

**Strategic Alignment**

Strategic alignment is the extent to which IS strategy is related to the business strategy.
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