Chapter 2

Comparing U.S. & Japanese Companies on Competitive Intelligence, IS Support, and Business Change

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The increase in business competitiveness forces companies to adopt new technologies to redesign business processes, improve products, and support organizational changes necessary for better performance. The literature on Competitive Intelligence (CI) touts its importance in providing corporate strategic vision to improve company competitiveness and success. To implement their strategic vision companies have to implement changes to their business processes, products, and/or to the organization itself. The voluminous body of literature on the management of change, including sub-areas such as Business Process Reengineering (BPR), Total Quality Management (TQM), and product improvement, implicitly or explicitly propose that company strategic intelligence is a pre-requisite for change, and that effective Information Systems (IS) support is a critical requirement for...
implementing change. There is some empirical evidence supporting these two hypotheses based on U.S. business organizations and there is little reason to believe that the relationships do not hold for Japanese companies. Whether or not U.S. and Japanese organizations are different in any way along these important variables is an interesting question. A field test of how effectively U.S. and Japanese business organizations are identifying strategic problems and opportunities, how effectively they implement business changes, and use IS technology to do so, was undertaken to empirically explore any differences. Despite the relatively small sample size, the results corroborate the importance of competitive intelligence and IS support for effectively implementing business change in U.S. and Japanese companies. The findings indicate, on the average, American companies are more effective in providing IS support for business change and Japanese companies are more effective in CI activities.

Increasing business competition has forced managers to recognize the importance of business innovation. American business organizations have derived substantial benefits from widespread changes to the old business ways. For example, the American manufacturing sector is thought to have become more productive and the erosion of our manufacturing base and the loss of initiative to Japan and Europe has been reversed [Howard, 1994]. In the process of exploring the basic differences between the Japanese and American manufacturing management approaches and applying a host of new methods and techniques, many U.S. firms are redefining the very nature of their businesses [Patterson & Harmel, 1992].

On the other hand, success implementing the required changes is far from assured, with many organizations reporting very disappointing results, given the cost and turmoil caused by the changes [Guimaraes and Bond, 1996]. Two primary approaches for implementing organization change worldwide are known as Total Quality Management (TQM) and Business Process Reengineering (BPR). BPR differs from TQM in two important respects. First, TQM focuses on continuous improvement (an incremental performance improvement approach), while reengineering is founded on the premise that significant corporate performance improvement requires discontinuous improvement (breaking away from the outdated rules and fundamental assumptions that underlie operations). With BPR, rather than simply eliminating steps or tasks in a process, the value of the whole process itself is questioned [Gotlieb, 1993]. In conformance with TQM principles, the focus of change is also market driven [Guimaraes and Bond, 1996]. Second, reengineering makes a significant break with previous performance improve-
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