Chapter II

Electronic Commerce and Strategic Change within Organizations: Lessons from Two Cases

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This article reviews and contrasts the experiences of two major companies in attempting significant change projects incorporating information and communication technologies. It does so by utilizing and critiquing the MIT “Management in the 1990’s” model and by reflecting on socio-technical approaches to organizational change. It makes the point that while much of current attention is on electronic commerce as it pertains to industry transformation and interorganizational relations, it is nonetheless a phenomenon that can impact complex internal relations and communication. Additionally, conclusions are drawn with respect to the process of change and the need for further longitudinal studies when researching change projects of this kind.

INTRODUCTION

It goes without saying that electronic commerce has been a major topic of interest in recent years, with considerable importance being placed on the opportunities provided by information and communication technologies (ICTs) to improve coordination between businesses and with customers. Electronic commerce resonates as a potential means of finding solutions to some of the inter-organizational communication issues that confront modern-day businesses. However, with globalization, companies are themselves increas-
ingly widely dispersed geographically so that internal communications are also more difficult and complex. ICTs can therefore also potentially improve communication between individuals and groups within an organization. This suggests that we might usefully broaden and unpack the concept of electronic commerce to include intraorganizational collaboration and partnerships. For example, corporate intranets, ERP systems, corporate databases, and even internal email systems are all examples of electronic commerce that are increasingly used within a company. These ICTs enable data, knowledge, and information to be shared even when the individuals involved are widely distributed. However, while intraorganizational electronic commerce can provide a communication link between people who are functionally, hierarchically, or geographically separated, this does not necessarily mean that the social and psychological barriers between groups will be broken. The cases reported in this paper demonstrate very clearly that technology per se will not automatically improve communication between groups where long-standing barriers exist.

The importance of breaking down functional and hierarchical barriers has long been recognized in the information systems world. In academia, our roots in systems thinking provide us with a conceptual base for viewing organizational issues from a process orientation, with information requirements being associated with those activities necessary to achieve a desired purpose (e.g., Checkland, 1981). This so-called “infological approach” has been paralleled by what might be called a datalogical perspective, where the focus is on an analysis of the data entities—and their relationships—required to provide necessary information (Martin, 1982). These concepts have found practical form in such phenomena as database technologies and approaches, and more recently in business process reengineering (BPR), knowledge management, and knowledge management systems (KMS) (see, for example, Davenport, 1993; Alavi & Leidner, 1999).

This paper describes research concerning two companies that have been seeking to improve collaboration and communication internally across functional and departmental boundaries through the use of ICT. In one case the development and introduction of the ICT-based system leads to unintended, negative effects; in the other, there is preliminary evidence to suggest that the results have been much more positive. The experiences of the two companies help to reinforce lessons that have been known for some time, as well as provide new insights. The fact that these two cases are contemporary, and that there appears to be evidence that some of the lessons of the past have been forgotten or have remained unheard, suggests that the comparison may be enlightening.

The paper is structured as follows. Following this introduction, we will describe the methodology followed in the research upon which the case studies are based. Then we will briefly outline important aspects of each case, the first concerning the experiences of a major multinational bank in implementing KMS, and the second describing the somewhat more emergent and holistic approach adopted by a major international airline. In the next section, we will attempt to extract from the two cases those features that appear to be key. The concluding section provides something of a reflection on more general lessons, in terms of what remains to be done in the current research effort and potentially useful directions for future research in this area.

**METHODOLOGY**

Qualitative methods were used to explore the impact of ICTs on intraorganizational processes since these methods allow the researcher to examine the phenomenon of interest in its natural setting. Case studies were considered most appropriate, since they allow for the
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