Chapter X

The Place of ICT in Global Planning

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There is a general agreement in the literature that social, technological, political, cultural, and economic factors encourage a greater number of businesses to globalize their operations and markets. To operate in more than one market or country involves complexity on a larger scale than to operate locally. The complexity is combined with increasing risks, a faster pace of change, and the difficulties of managing an organization in more than one country. Information and communication technologies (ICT) act not only as an imperative to globalize but also as a potential tool to help global managers to plan, and yet there is no conclusive study that these technologies are adequately providing assistance. Indeed, existing studies suggest that there is much room for improvement. At the same time, there is no coherent and well-tested theory to explain or predict the use of information and communication technologies for global planning. To bridge the knowledge gap, this paper presents a causal model that groups predictor variables of the use of ICT in global planning under organizational, ICT, personal, and infrastructural factors. It also reports on a pilot study in which one hundred questionnaires were distributed to multinational companies in the United Kingdom (UK) and in South Africa (SA) to collect information to examine the role of ICT in global planning using the model. The result suggested among others that the Internet forms the most popular platform for building global planning tools. Factors most important to managers include the provision of timely information, provision of report and presentation facilities, and support for group working and alternative (highly summarized and detailed) views of information. On the other hand, managers appear not to be very satisfied with the provision of technology for global planning, partly because it does not adequately provide for creativity needed in global planning. Recommendations are made based on the findings, and areas for further research to enhance the validity of the model are highlighted.

INTRODUCTION

The increasingly general trend for business activities to cross national borders in order to gain competitive advantage is well documented in the literature (cf. Hull, 1987; Hax, 1989; Ohmae, 1989; Ietto-Gillies, 1997; Business Week, 2000, p. 113; Harvey et al., 2000; Groose, 2000, This chapter appears in the book, Advanced Topics in Global Information Management by Felix Tan. Copyright © 2002, Idea Group Publishing.
The crossing of national borders, which is termed “internationalization” (Taggart & McDermott, 1993, p. 4), can take different forms of business involvement. At the lower end of the spectrum is indirect export whereby a company distributes its products abroad by using third parties (Toyne & Walters, 1993, p. 114). At the highest level is globalization whereby there is no distinction between domestic and foreign operations but there is freedom to source or allocate resources or operations to, and choose markets from, any strategically advantageous location (cf. Humes, 1993; Ball & McCullock, 1996). All international businesses irrespective of their cross-border involvement must constantly evaluate their positions to decide, firstly, whether to maintain their positions or to move up or down the spectrum. Secondly, they have to decide how to maintain or change their positions. In these two respects, we can conclude that all international firms perform some form of global planning in as much as nonglobal international companies have to constantly evaluate whether or not to globalize. Strong global, social, political and economic pressures provide drives for nonglobal international companies to develop global strategies (cf. Humes, 1993, p. 25; Govindarajan & Gupta, 1999, p. 5-10). Alongside these developments are advances in information and communication technologies (ICT) to bridge the geographical, time, and knowledge distances experienced in global operations1 (cf. Uenohara, 1992, p. 402; Cambell et al., 1999; Currie, 2000).

This paper will (a) explain briefly what is involved in global planning; (b) discuss the role of ICT in global planning; (c) identify problems and justify the need for investigation; (d) propose a hypothetical model; (e) state the method of study; (f) present and discuss the findings of a pilot study, including its major conclusions and recommendations; and (e) highlight areas for further research.

WHAT GLOBAL PLANNING IS

Searching for “global planning” in research databases would produce very little result. Most writers in this area assume that readers already know what the concept is about. The concept can be used in various contexts, for example, health care and the provision of public utilities (cf. Ryan, 1990, pp. 61-3; Yehia et al., 1995, p. 10). In the context of this paper it means strategic planning, the managerial act of setting long-term goals and objectives based on the strengths and weaknesses of the organization, on the one hand, and the threats posed and opportunities offered by the environment, on the other (cf. Ansoff, 1979; Johnson & Scholes, 1993; Wheelen, 2000).

Much has been written on the subject of strategic planning for business since the 1920’s when Harvard Business School developed the Harvard Policy Model (Carter, 1999, p. 1). Strategic planning became very popular with organizations until the 1980’s, when it fell out of favor because of the increased pace of environmental changes that made obsolete and irrelevant most of the long-term planning done over a long period of time by a few organizational members at the top. Consequently, new concepts such as TQM (Total Quality Management), BPR (Business Process Reengineering), and Value Chain Analyses emerged as short-term planning techniques to match the changing environments and capture customer preference. Besides, in flatter2 organizations, the idea of central planning and its top-down process became unpopular with middle managers, who are increasingly exposed to the environment and need to respond rapidly without being tied to handed-down plans. Academics reasoned that rather than strategic planning, organizational learning, employee empowerment, and agility are what contribute to competitive advantage. Feurer and Chaharbaghi (1995) give a comprehensive review of the history of strategy development, with
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