



# Can Information Technology Help Managers Plan Globally?

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*Existing literature leaves no doubt about the increasing social, technological, political, cultural and economic imperative to globalise business. Global business combines the complexity of local business with increasing risk and faster-change pace and complexity of managing in more than one country. How is information technology helping global managers to plan? One hundred questionnaires were distributed to multinational companies in the United Kingdom (UK) and in South Africa (SA) to collect information to examine this question. A preliminary report presented by this paper indicates 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, support for group working and alternative (highly summarised 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 are highlighted. Moreover, the paper briefly discusses the development of a causal theory on the use of information technology in global planning. Predictor variables are grouped under organisational, information technology, personal and infrastructural factors.*

There is a general trend to internationalise or globalise businesses to gain competitive advantage in a world that is made smaller by developments in communication and information technology (cf Hull, 1987; Hax, 1989; Ohmae, 1989; Ietto-Gillies, 1997). The chief executive of a major corporation asserted that "globalization is no longer an objective but an imperative, as markets and geographical barriers become increasingly blurred and even irrelevant" (Ives et al., 1993, p 143)<sup>1</sup>.

Internationalisation results in business activities crossing national borders (Taggart and McDermott (1993, p 4). Globalisation<sup>2</sup> may be regarded as an extreme form of internationalisation 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 global locations (cf Humes, 1993, Hill, 1987, and Ball and McCulloch, 1996). Thus, for a business, production can be carried out in one country while marketing is in another. Not every international business fits this description of globalisation. The

lower end of internationalisation is indirect export whereby a company distributes its products abroad through the use of third parties (Toyne and Walters, 1993, p 114). So, we can imagine a continuum of internationalisation (or configuration) from indirect exports to complete globalisation. All international businesses (irrespective of their location on this continuum) must constantly evaluate their positions to decide, firstly, whether to maintain their positions, or to move up or down the continuum. 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 non-global international companies have to constantly evaluate whether or not to globalise. Strong global, social, political and economic pressures provide drives for non-global international companies to develop global strategies (cf. Humes, 1993, p 25; Govindarajan and Gupta, 1999, p 5-10). The rest of this paper will present (a) the challenges of global planning thereby highlighting the role of information technology; (b) factors that influence the use of IT in global planning; (c) the method of research; (d) research findings and discussions; (e) major

conclusions and recommendations; and (f) areas for further studies.

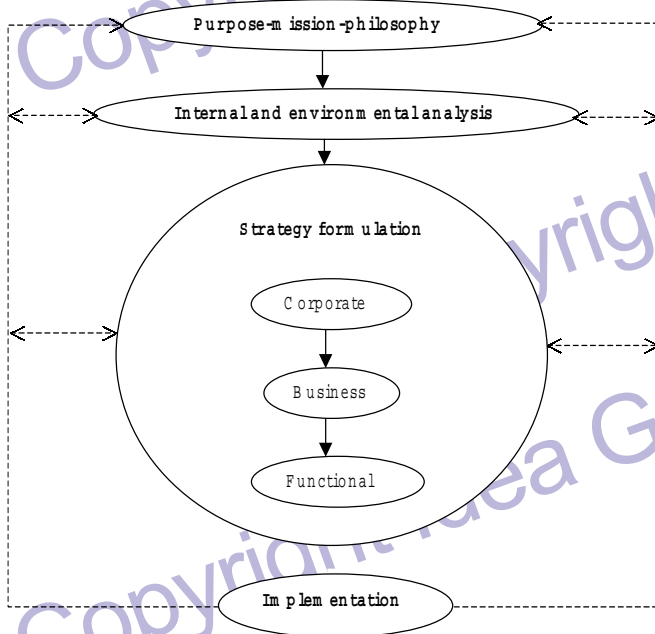
### Challenges of Global Planning and the Role of IT

Global planning helps businesses to identify opportunities and threats from all over the world, formulate strategies to take advantage of the former and avoid the latter. It is also part of the planning to decide how to implement the strategies (Ball and McCulloch, 1996, p 674). Global planning also helps organisations to coordinate their geographically spread investment and resources in a way that provides the best synergies. Since global planning is primarily the responsibility of strategic management, “global planning” can be synonymous to “strategic planning”. *There is no single and specific planning model which fits all global business situations.* Therefore, the model on figure 1 is merely used generically to highlight the challenges of global planning.

The solid and vertical lines indicate process flow while the dotted lines shows feedback. Feedback emanates principally from implementation to earlier steps in the process. Strategy formulation as well as internal and environmental analysis do not only receive feedback information but also give; hence the two heads on the dotted lines that connect to them. The rest of this section will use brief discussions of the steps in the above planning process to highlight the challenges of global planning and the role of information technology.

#### Purpose-Mission-Philosophy

Figure 1: Global Strategic Planning



To establish “strategic intent” and set major objectives, an organisation needs to define and clarify its mission and philosophy. An organisation’s philosophy should include its global stance, i.e., ethnocentric, polycentric, regiocentric, geocentric or some mixture of these viewpoints (cf Holt, 1998, 236; Rugman and Hodgetts, 1995, 215; and Buckley, P J, 1998, 13). An ethnocentric stance places emphasis on the country of origin, for example, in personnel issues (Hill, 1997, 448-53). Polycentric view localises business in each global location, while regiocentric position does the same for trade regions e.g. EC. The geocentric philosophy emphasises total globalisation or standardisation of goods, services and practices with little or no adaptations to local needs. A host of global, national, and company factors should be taken into consideration to decide on and constantly review the philosophy in the light of rapidly changing global economic, political and cultural situations. Managers face a difficult balancing act between meeting the demands of the increasing global converged economy and the need to support national policies that provide distinctive competitive advantage (Doremus et al, 1999, 165). Manipulating the vast amount of factors that may be involved can be made simpler by the use of information technology.

#### Internal and Environmental Analysis

Internal analysis involves enquiry into company strengths and weaknesses in human and material resources which are likely to be placed in more than one country. It must be possible to coordinate necessary information in time irrespective of the possible geographical spread. Porter’s Value Chain might be used to assess physical resources and personnel competence (Rugman and Hodgetts, 1995, 221-2). This analysis results in identification of core competencies which have to be matched with opportunities presented by the environment. Thus, the environment would be scanned to identify opportunities and weaknesses. This will likely be carried out at more than one level, refining the process as the scanning proceeds. A typical progression can be from a comprehensive global scan, to a selective regional/country scan, and then to an intensive local market scan. The SWOT, PEST and Porter’s five-point models might be useful at this stage (Rugman and Hodgetts, 1995, 218). This scan should provide regional, country and local market profiles to help the company to decide where their competence would be most profitable. A helping information technology should be able to access both internal and external information as well as perform analysis based on various planning models such as Porter’s Value Chain.

#### Strategy Formulation

To formulate a strategy, different alternatives or scenarios have to be developed and rigorously evaluated to determine an appropriate choice. There is a wide range

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