REVIEW ARTICLE

IT AND ITS IMPACT AND BUSINESS MANAGEMENT

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ARTICLE INFO	ABSTRACT
	Information technology (IT) is dramatically changing the business landscape. Although organization cultures and business strategies shape the use of IT in organizations, more often the influence is stronger the other way round. IT significanStly affects strategic options and creates opportunities and issues that managers need to address in many aspects of their business. This page outlines some of the key impacts of technology and the implications for management. Business strategy - collapsing time and distance, enabling Electronic Commerce Organization Culture - encouraging the free flow of information Organization Structures - making Networking and Virtual Corporation a reality Management Processes - providing support for complex decision making processes Work - dramatically changing the nature of professional, and now managerial workplace - allowing work from home and on the move, as in Telework

INTRODUCTION

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The Impacts

Business Strategy

IT creates new opportunities for innovation in products and services. Services which used to be delivered in person can now be delivered over networks. Among the key **levers** are:

- **Re sequencing:** including parallel processing of data-bases
- **Simultaneity:** making information instantly available in several systems (e.g via OLE)
- **time extension:** offering 24 hour a day; 365 days a year service
- **Portability:** taking service and products closer to the user

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- **Reusability:** using information captured for one purpose (e.g. transactions), and using for others (e.g. customer targeting)

Organization Culture

Newer types of IT such as electronic mail and   creating significant changes in the way that information flows around group ware, and between them and their customers and suppliers. It can hasten the development of more open and innovative cultures. However, as experts like Davenport warns, and surveys from companies like Reuters confirm, the notion that "information is power" still reigns large in many orgroup warelso, our experience shows that many new systems fail to become accepted by their users, because the systems developers have not been *culturally sensitive* to the department or group ware, in which the new systems are to be used.

Organization Structures

For many years it has been argued that IT will enable larger spans of control and the flattening of group ware. This has at last happened, but due as much to initiatives like BPR (business process reengineering) and the drive to cut costs. Research on whether IT encourages decentralization decentralizations produced ambivalent results. Many companies have decentralized ckroom operations (for

efficiency) while at the same time de activities. It now seems clear that IT enables a greater variety of structures. In particular it enables more flexible and fluid structures - , dispersed team and teams that come and go as needs change (as in the).

Management Processes

IT is rapidly entering the era where it supports unstructured management processes as well as highly routinized business processes. It provides more effective ways of accessing information from multiple sources, including use of external information on databases and the Internet. However, group decision support systems that operate in a meeting room environment can help enhance decision making, but it does need someone who is an expert facilitator to help the group master the technique of structured discussion.

Work

IT is dramatically changing the nature of professional work. There are few offices where professional do not make use of personal computers, and in many jobs involving extensive information and knowledge based work, the use of the computer is often a core activity. Becoming effective not only requires traditional skills of organizing, thinking, writing etc., but knowing how best to use the power of IT for researching sources, accessing information, connecting to experts, communicating ideas and results, and packaging for reuse. One aspect of this is the need for - people who are competent at both their discipline and IT.

The Workplace

The way in which IT diminishes the effect of distance means that it creates a variety of options for reorganizing the workplace. At a basic level, it can provide more flexibility in the office, allowing desk sharing and a degree of location independence within a building (this will develop as CTI (Computer Telephony Integration) and wireless PCs become more firmly established. At another level it permits the dispersion of work teams, thus saving costs of relocation and travel. It has also created the mobile professional and also allows people to work effectively from home. See for more discussion of these aspects.

Implications for Management

These IT impacts have implications for managers of all organizational functions, and not just MIS managers. Among the most important are:

- **Understanding the Changing Context of IT** - as well as the direct impact on their business managers need to be able to see these developments in the context of the wider environment in which their business operates. For a long term perspective
- **Keeping abreast of Developments** - not about the details of the technologies, but about the business impacts; for example by meeting suppliers business consultant's, attending conferences, or receiving from independent analysts.
- **Integrating IT and Business Planning** - the IT strategy should support the usiness strategy and vice versa. This may need new planning processes, hybrid

teams, and a increased incorporation of the into business plans.

- **Addressing Culture Issues** - the dimensions of existing and desired culture need to be understood and how proposed systems will affect them. In particular attention needs to be paid to the organization's
- **Experimenting with new Structures** - using IT to remove some of the limitations of hierarchy and to encourage the development of innovative teams, using experts located in different functions and places. Managing dispersed teams is challenging but rewarding.
- **Ensuring that new systems are *customized change proof*** - our studies have shown many new systems to be developed around existing customized structures and responsibilities. Since these change very rapidly, new systems should be built with org. customized ability and change in mind.
- **Developing New Skills** - more of tomorrow's managers will need to become , combining the knowledge and skills of general management, their own discipline and IT.
- **Using IT as a management tool** - initiating personal use of IT into every day work. This should include use of knowledge.
- **Exploiting Information as a Strategic Asset** - using the techniques of _ to develop it as a valuable resource for internal use, for adding value to customer activities or services, or for creating saleable products.
- **Introducing Knowledge management and Innovation** - going beyond information to dev who evolve the organization's to create extra capabilities and value.
- **Reorganizing the Workplace** - by introducing flexible working and telework. The business benefits of this in terms of productivity and cost savings are such that there are many personal benefits to be achieved by a successful implementation.

Barer

Update (August 1999)

The continual stream of high profile IT system failures, such as Taurus (Stock Exchange System) and the London Ambulance Service system in the UK, show that insufficient attention is still given in many projects to human and organizational factors. Although awareness of these factors has improved, users are more involved, and new methods such as RAD (Rapid Applications Development) have helped, too many organizations still fall into the same old habits. The above *Insight* is as valid today as when it was written. The developments hinted at in terms of exploiting information are indeed occurring through Internet commerce. On a point of terminology. Today, rather than the abbreviation IT, the term ICT (Information and Communications Technology) is more widely used.

REFERENCES

Several books give a good overview of knowledge management strategies and practice:

Knowlwdge Networking David J. Skyrme, Butterworth-Heinemann (1999) - Chapter 2 gives strategies, and chapter 7 programme implementation guidelines.

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The New Organizational wealth : karl Erik Sveiby, Berrett Koehler (1997).

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