

Impact of Information Technology in Developing Organizational Strategies and Processes

Sana Ansari

Student of M.Phil

National University of Modern Languages, Multan Campus

Abstract

This paper insight a step by step process of how the information technology impact in developing the organizational strategies and processes. This is not the one day process it takes many decades of implementation and still the process of influencing the information technology in businesses is continue. Information Technology has always been a wild card in business, a source of opportunity and uncertainty, advantage and risk. The last decade has added considerably to the mystique and magic of information technology. Something dramatic happened to technology in the 1990s, although it is too early to discern the full impact. IT has burst forth from its safe containment in the basement of organisation. Technology has become a core enabler and in some cases the primary channel through which the business done. As time passed the new era of information technology become a key element of success of new organisation. So most of people has given the name of this era as **The Era of Information Technology**, when the organizations has depended on technology its simply mean that IT has also highly impact on business strategies and processing of these strategies in organisation. This impact has been discussed in this article along with its significance that how slowly and steadily IT take much more importance in making business strategies. Nowadays due to globalization, the world become so small to connect with different organizations in just one click. It has become the era of competition since the market is also globalized and now the competitors are all over in the world. The organization should make strategies to compete with other organisation to cope themselves up in the market. This paper also investigate the impact of new trends and developing on the new era of marketing.

Keywords: Information Technology, Strategies, Implementation, Inventions

Introduction:

This is the world of technology day by day new inventions and discoveries are creating the new era of businesses. It is clear that the last decde of this century has been witnessing the emergence of economic globalization, a phenomenon where different economies are merging into a unified global market. Once the upper level management defines the company vision they must develop an organizational structure to accommodate the strategies that will achieve this vision. Organizational structures evolve over time. What exists today often is the cumulative result of multiple changes made over many years. Therefore as executives seek to build a more agile organisation, they often find themselves shackled to organizational designs which are not in alignment with their selected strategies to achieve the company's vision. The businesses are based on good strategies and its proper implementation. The evolution of the company and its maturity level have a direct impact on the design of its organizational strategies. For developing the strategy there is also a need to focus competitors reaction and also consider the culture and capabilities of the organisation. From the last decade, business models evolve in businesses has created the new world of developing the organizations' and its culture and style of management that just possible due to new invention in information technology. We can say that due to advancement of information technology the scenario of the organizations has been completely changed and work is done within the stipulated time without any distortion of external and internal environment. The problems can easily be diagnosed and solved fastly and also give help in preventing the same in future. In this paper we will discuss all the benefits that IT is providing in making of organizational strategies, defining its implementation processes and also to check from new technology that whether the strategies has been implemented properly.

Purpose of Organizational Strategy:

The purpose of organizational strategy is to achieve the goals of the mission statement. This is done by developing a logical plan for utilizing the organization strengths and resources. An

organizational strategy provides directions for the organization's activities and its human resources within the context of its mission statements objectives. The resulting strategies contain:

1. A clear purpose
2. Measureable expected outcomes
3. Fall back plan in the event where primary strategy cannot be implemented
4. Cost and benefits developing an organizational strategy using the SWOT analysis

SWOT analysis is the main factor of making strategy of an organisation, by the analysis we can know about the factors that are harmful or useful for the organisation. So in simple words we can say that SWOT analysis is the key factor of strategy development whereas strategy is the key factor of organizational development. Any organisation can never ever denied the importance of the strategies development. The strategy also define the culture of the organisation and the business model, from the last decade the new development of information technology change the environment and structure of the organizational strategies.

The new era brought new style of making strategies. **Business Models** become common in the organizational structure. So without strategies the leaders of the organisation never set the direction, mission & vision of the organisation.

The Evolution of Business Model:

Before discussing the evolution of business model first of all we have to know that **What is business model?**

There are different approaches of defining the business model but the most favorable and latest approach is given by Alt and Zimmermann they said that business model has most common and discussed terminology and aspects of E-business, E-commerce and E-markets. Despite an intuitive understanding that seems to be widespread, a more thorough analysis reveals a confusing and incomplete picture of the dimensions, perspective and core issues of these business models. Linder and Cantrell show that the term is often used when really only one aspect of a business model is intended to be conveyed: the pricing model (e.g. free model), the revenue model (subscription or cable model), the organizational form and so on. The probably best definition is given by Timmers: in his 1998 article he defines a business model in respect to its architecture for the product, service and information flows the various business actors, and the sources of revenues. In addition, he defines that "systematic approach to identifying architectures for business models". But the differentiation of the models by examining 1) the degree of innovation and 2)the functional integration.

Business Models terminology is become so common in this era, In past when we ask the director of the organisation that which can't say anything about it that just because they have limited knowledge about it or no knowledge. They even didn't know about the system of their organization that it centralized or decentralized and which structure they follow. Now the advancement in technology make it possible to make it easier to know about the different structures of organisation and it also make new and new business models. Day by day new inventions create new phenomenon and their solution.

In contrast, emerging networked technologies enable us to create new business models and redefining existing one. Technology can provide a flexible channel for making the strategies and its processing. As well as the tools to create and package contents in all its many forms including data. This highly interactive and engaging channel offers new opportunities and enables the development new capabilities that are difficult to achieve in commercialization of internet. When an organisation utilize the information technology system in their organisation they must make sure that it will be beneficial for their organisation and make it systemized they also make sure about the security of their system this is also include in their strategies that who will be included in their network system and who can not allow to take access in their system.

Strategy Versus Structure:

Structure and strategies are defining each other they are very much relate to each other without making strategies we can't define the structure of the organisation basically while making the strategy we are defining the structure of the organisation. They are neither contradict each other nor have separate individuality. In strategies we make the structure of the organisation likewise; in making strategies we define the culture of organization that whether it will be democratic,

autocratic or beaurocratic, and also mention the system of the organisation that whether it will centralized or decentralized system. Strategies are made by the owner of the organizations and implement on the management and the manager is responsible to check that every one in the organisation follow the rules made by the owners but sometimes the organizations follow the agency theory and give this right to the manager of the organisation and the manager is all in all of the organisation and the owner is act as sleeping partner of the organisation as he has not much knowledge about the business mostly stock exchange organizations follow this rule/ Agency theory. Strategies are defining each and every thing of the organisation, we can know about the organization by its value chain analysis that started from the beginning of the supply chain and end with the consumer who consume the product manufactured by the organisation. The department that involve in strategies implementations are suppliers, manufacturing, HR department, Finance department, Marketing department and Distributors who distribute the product in market and consumer who consume the product and also after sales services procedure and method include in the strategies of the organisation and its implementation. The organization implement information technology system in their strategies an now strategies can not be done or fully implemented without this system. So the organizational leaders always keep at an eye on the new advancement in information technology system so that they can satisfy and retain their customers as well as win back their existing customers by improving their management style and scenario relate with customer satisfaction. The main purpose and main focus of the strategy making and its implementation is customer satisfaction as they enhance the business of the organisation so always the customer become focal point of every organisation not just to increase the market but globally distribute their products. Mostly multinational organizations have many distributors across the world so that it is hard for them to manage all of them but they due to their strong strategies it is now much easier for the organizations to handle them due to latest technology. The main office of these type of multinational organisation can now in touch with every distributor companies with many means.

Impact of IT in Developing the Organizational strategies:

Now the main focus point of this paper is to how the information technology impact on developing the organizational strategies? We discussed earlier that the strategies are the key factor of any organisation as it make the organisation systemized, every one knows about its duty and work that assign to him/her. When we talk about the strategies that doesn't mean that we specifying only the management department while making strategies we discussed each and every department of the organization or within the organisation (e.g Marketing, Finance, R&D etc). So when the owner of any organisation make strategy He/She will make the strategies that cover the whole organizations department and give them direction set the goals for each department to make them able so that they achieve their goals. If we study the last decades of the organizations it will came in knowledge that the huge changes occur in the business sector traditionally every one use hierarchical way to accomplish its goal and make position in the market but now network economy take its place. As far as the world become globalized the market competition is also increase/high. The organisation leaders must know about the product and its manufacturing procedures, also know about the new technology developed day by day how to use them? Which means use for the communications and how to communicate with each other? All these types of question arises than the strategies should be modified those who are rigid in their business strategies are fail to save their businesses from declining stage. The companies use technology and its different ways while making strategies the biggest impact on making strategies is networking/information technology. Information technology impact in strategy making in that sense that strategy changed when new technology come HR, Finance and Marketing as well. When new software's come it tells the organisation how to maintain the customer data and deal with them so the leaders must make their customer relationship management according to the new software's and data storage methods, similarly when the machinery came in market the instant way to know about this new manufacturing machine is advertising in market . The organizations can watch its features and prices through *e-marketing* and than the management should arrange meeting of the owner of the organization and brief detailed about the machine that will helpful for manufacturing the product in lower cost than with the suggestion of finance manager the owners will take decision whether that particular manufacturing machine can beneficial for the organisation or not? The finance manager can

calculate its cost and depreciation cost and the manager is define about the product manufacturing process that it will reduce the production cost and increase profit and the marketing manager told about the demand and supply condition of the product so by the mutual consideration they may decide to buy the particular manufacturing product. The manager of the organisation also make analysis of the machine by knowing that the other competitive organizations also use the new and advance machine to compete them and which type of machine increase productivity within less time and this information also easily available on internet so the decision will be more easy to take action. After taking the decision of purchasing the manufacturing machine the organisation again use the new and advanced way of communication with the seller. They may e-mail them to send the quotation and when the quotation came with them via e-mail or fax machine they may further take action. The above decision making process clearly defined the use of Information Technology in the organisation decision making. Some organizations use the *IT* for making strategies of customers satisfaction they make easy ways for the customers like in 2002 the circuit city advertisement displayed in which a young man is trying to get the warranty card of the product that he buys from the city circuit organisation suddenly a voice of the customer services agent came he says "Don't worry, we save your information- the date , the dollar amount you paid for the product and the item purchased- just in case you lose the receipt" and the store is putting a bit of satisfaction into the warranty process. This example depicts if the organisation wants to make the strategy about the customers satisfaction they have to use the *IT* system to achieve their target customers not only just satisfying them but also delighting them with the best services from their competitor that will increase their customers loyalty to delighting them the organisation use the software form which they just enter the name of customer and find out the whole purchase of the customers along with the purchasing date to time and also the product's warranty duration. It will reduce the customers time and the organizations as well. This decision will made just to give better facilities to customers as on 19th century the customers have plenty of products warranty card it become hard for them to save them properly most of the customers lost these warranty cards and when their product has some fault occur they waste them and and buy other product who provide much better services but as the advancement increase in information technology it gives chance to the organizations to modify their strategies and include the new technology for achieving their goals in time or can say before time. Simply when an organization owner set the strategy of the organization he should have to know about the market positioning and the way how to achieve these goals and brought changing in the organizations. So there is need of information technology and the information technology helps a lot while developing the strategies. Stock Exchange markets are the best example of this scenario every individual who involve in stock exchange business can only make decision by information technology the buy and sell procedure of the shares are made by the internet, the person who wants to purchase the shares should watch the rates of the shares on daily basis and took decision of purchasing the shares of some popular organization. He / She become the share holder of any organization. Its just done by the information technology.

Impact of IT in Implementation/ Processes Of Strategies:

As the IT strongly impact on strategies making its clearly depict that information technology helps on its implementations. As all the strategies made on keeping in view of its implementation Process. The organisation owner not just play roll in making strategies but also responsible for its implementation and also check fully that all the members working in the organisation follow those strategies or not? Like above the example of the circuit city is describe the implementation of the strategies. The implementation of the strategy by using the new technology make the work more easy and the working environment is no more burden for anyone in organizations. For the personnel working in the organization the work is no more hectic and for the customers got best services ever. The implementation of technology helps the personnel to achieve their goals set by the owner of the organization efficiently and effectively. The impact of information technology. Fred David says that only 10 % of utilization include in strategies there is no way out that its implementation will fail. Most of us thinks that technology increase the expense of the organization but that's not the clear picture of the utilization of technology. Technology is used just to increase the productivity and efficiency of the organization. The work which was done in weeks now due to implementation of the technology done within few days. The basic discussion

is that the usage of technology in implementing the strategies. For this we have many examples to discussed likewise the above circuit city example shows the implementation of marketing strategies to satisfy the customers. In this example the management makes strategy for the satisfaction of customers to increase their market position or achieve their target market for attaining their goals they use data mining process. Nowadays many software's design that facilitate the user to insert data of customers, interpret it and utilize it when necessary as in circuit city example the agent utilize the customer data when he lost his warranty card and wants to repair it by the organization. By this implementation the organization gain customer satisfaction level and the customer also become their natural referrals who admire everywhere about the services of the organization. It increases the customers and the target also. The new technology give the facility to the sales person or distributor that wherever they are can connect with organizations through networking and gives daily detail about their sales of product to the organization management. Same as advanced technology impact on implementation of the strategy on other sectors of the organization. In fact; strategies are made by keeping in view of technology and its advancement. Different organizations use different systems to increase their efficiency to compete the competitors in global world and make its position in global market. The increase in efficiency of the productivity also effect on international trade that is beneficial for both the organisation and the country in which the organisation situated not only this they can also open their branches in other countries and increase their profitability by enhancing their boundary of business. Nestle is the multinational organization who have their offices around worldwide they are using the new and advanced technology to increase their efficiency and their products available in market just in time. All the branches are connect with main office are in Switzerland. The main office control all the branches and take reports on daily basis. So the technology is more important to send the command and took the reports. Than make the strategy according to these reports and make sure that these strategies implemented on branch properly. So not only Information Technology impact on making strategies but also utilize these latest technology on implementing these strategies.

Conclusion:

As the above all the discussion is define that slowly Information Technology become part of the organizations and all the work done through utilization of technology. Day by day latest technologies invented and they are created relaxation in office work and make the office environment competitive. Organizations make strategies according to the new technology and implement it by utilizing the technology. Every organisation set goals depend on the structure of organisation that they are yearly basis or more than a year and assign the duties of their employers and facilitate them with new method of doing work so that they can achieve their goals timely. An example of circuit city can show that organisation provide the customer service agent the facility of data storage and provide training to utilization of data. The whole article is observation based and the analysis done on this observation many multinational organisations as well as small compoanies also used these new technology to enhance the profitability. It reduce the cost and increas the efficiency and profitability so the conclusion of this whole discussion depicts *Information Technology* highly impact on making strategies and its implementation/processing. The whole article discussed the day by day developing in Information technology processes in organisations and this discussion based by doing observation in different sectors of businesses.

References

Mintzberg, Developing Strategy (2002)

Tony Cram, That Count (London: Financial Times-Prentice Hall,2001): 207-208

James A. O Brein, MIS 2004, 6th edition,2004. MC Graw Hill

Steven Alter, Information System, A Management Perspective ,Eddision Wesley, 2nd edition

Alt, R; Zimmermann,H-D.2001. Preface: Introduction to Special Section-Business Models.

Electronic Markets 11 (1): 3-9

Linder, J; and Cantrell,S 2000. Changing Business Models: Surveying the landscape