

Impact of Information Technology on Global Management

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Abstract

Information technology is playing a very important role in the improvement of technology and its organizations. This paper describes a very important role of technology in global management. IT also plays a role in managing the global talent in an environment of cultural diversity and in managing global supply chain management. Technology is the most essential factor for a country to become a developed country.

Keywords: global management, information technology, global leadership

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INTRODUCTION

Advancements in information technology (IT) and the rapid globalization of businesses, both are realities and opportunities of the 21st century [1]. The term information technology refers to techniques and facilities designed to enable the transfer, storing and processing of data [2]. This includes not only computers but also facilities for mailing services, telephone and fax networks, information centers, and libraries. Internet is definitely one of its manifestations. Consumer markets are growing more global every day. The Internet has further linked the overseas suppliers of services and goods and their buyers. Internet traffic is increasing day by day and e-business is in hyper growth. At the same time, borders are becoming increasingly extraneous, while people and organizations are intermingling in very different ways. Globalization creates some challenges for multinational companies; one of them is talent management – as they have to share resources and knowledge across a number of business units inside and outside the country and supply chain management.

IT AND GLOBAL VISION

Global leadership development must be determined by an organization's global business strategy. Only having "global" experiences at work is not enough for effective global leadership. Having a true global mindset enables leadership effectiveness in a global environment. Increase in cultural and

business complexity demands for a global mindset. Rapid change in the organization's environment resulting in uncertainty of goals in the issues together with continually increasing complexity of issues present considerable challenges on analytic and deductive modeling and knowledge acquisition approaches. The key function of leaders and managers in this situation is to form visions of the organization in the future.

Modern computers with their elevated calculating and graphical output capabilities offer the opportunity to form visions with due work processes in a virtual world of simulation models. The leaders or managers can play with these visions and gain "experience" of how the system solutions would function in certain important aspects. The experience can concern both the outcomes of decisions under given constraints and the constraints themselves. Training plays a very important role in redefining the vision of the managers. For instance, Jack Welch, the CEO of GE wanted to inculcate the anti-union sentiment in managers. To make the mindset of the managers and leaders in this way, he introduced different courses for managers and also held "Personnel Relations Leadership Seminars". One of the course learning objectives was to develop UA (Union Avoidance) in the managers. As far as training and education are concerned, there are a number of IT-based software which companies

can use for global leadership training. Computer-based training and simulation models play a very important role in redefining the vision of the people [3–5].

IT AND CORPORATE STRATEGY

IT takes in business processes related to information technology or communication technology including decision making. For instance, IT adoption would include having an organizational intranet, having enterprise resource planning (ERP) systems installed, using e-mail for external communications, having an EDI, video conferencing with suppliers and so on. Formulation of effective business strategy for a firm is not an easy task. Strategic and organizational requirements for person-system-organization fit are, therefore, becoming an important area of research for competitive advantage through deepening knowledge of technology, strong financial backing, learning new technological skills and information, building up the capabilities and competencies for organization design can distribute and serve a large customer base. The Internet is creating one global market place, which is free from any geographical boundary. E-business is just a mouse click away no matter where they are physically located, allowing buyers to comparison-shop globally. The IT has not changed the fundamentals of strategy – it is still about winning in both the competitive and capital markets.

IT AND CULTURAL DIVERSITY

Cultural distance, which means the difference between country cultures, has become a very important factor in global business. Organizational culture and team development have become more and crucial with the development of globalization and virtual organizations. Cultural distance moderates the role of IT adoption on globalization. One study on collaborative information infrastructure in a distributed virtual enterprise presented a theoretical approach to engineering collaboration in the process of designing production systems. In the recent years, interpersonal relationship is becoming more and more important HR factor for organizational effectiveness of technological innovations. Employee development is a pillar of the enterprise-value framework for advanced global companies, equal in

importance to shareholder support or customer loyalty. Retaining talent is identified as a key business priority for all the companies surveyed by World Economic Forum.

IT can play a very important role in knowledge sharing specifically in an environment of cultural diversity. Refer to the example of IBM's Think Place program "catalyst" where employees post ideas on an intranet site and invite comment or support from other people. This approach could be adopted to nurture the ideas within the organization. Knowledge management is itself a global challenge in such kind of cultural diversity. In fact, knowledge management is essentially a deeply social process which must take into account the human and social factors primarily. Two main approaches are used for knowledge management. One focuses on the deployment and use of appropriate technology to utilize knowledge while the other focuses on the capture and transformation of knowledge into a corporate asset. The first approach emphasizes information technology (IT) and focuses on it as the mechanism for managing knowledge. The second emphasizes people and processes. It attaches greater importance to human relations and the elicitation of tacit knowledge.

IT AND GLOBAL SUPPLY CHAIN MANAGEMENT

In today's highly competitive and global environment, companies need to improve effectiveness and efficiency. GSCM, as a major part of business operations, plays an important role for organizations to achieve competitive advantage. Good supply chain management can help a company to meet market demand. A good supply chain is that which is able to move product to market faster and cut the cost of moving goods from the source to the customer. The wide applications of IT make it possible for organizations to improve the overall business operations. Supply chain managers increasingly want to automate all of the supply chain, from forecasting to distribution and to every element of the chain. Today, companies want an integrated solution to enable them to see the entire supply chain at once. For instance, they want to know that if they drill down to forecast, they can see the demand history,

which is a combination of data which comes from sales order processing, inventory management and the warehousing system. Less human intervention and the flow of parts and products along the supply chain can help dramatically in cutting logistics costs and boosting customer satisfaction.

Hence, companies need to work together and optimize the complete pipeline by establishing a seamless supply chain to maximize their market share. The global industry of today demands logistics managements to plan and execute customer-led, profit-driven tactics, where an array of alternative production and procurement methods is deployed simultaneously. GSCM is the philosophy that underpins the logistics business in the Royal Air Force. RAF is developing a new IT system, LITS to support GSCM. Table 2 provides examples of corporations that provide IT tools/services and corporations that have successfully implemented IT related software packages in GSCM. The strategy in GSCM is to optimize product and information flow from the purchase of raw material to the delivery of finished product, with the aim of achieving ever higher levels of productivity, quality, innovation and alliance between the company and its vendors and customers. Companies exploiting IT and related technologies are successfully implementing this strategy. For example, Benetton, of Italy, is often cited as one of Europe's success stories. It does not have its own manufacturing facilities or retailing outlets and serves as a merchandiser and distributor, who contracts manufacturing and sell through franchised outlets. Using its excellent IT system, Benetton responds to the pull of the marketplace to schedule manufacturing and directs correct products to its customers.

CONCLUSION

The world has now become a global village. Borders and barriers are going to vanish. In order to operate effectively in an environment

of borderless markets, global multinational corporations have to manage their corporate philosophy in order to sustain in this environment of globalization and information technology [2, 4]. Information technology is a great truth of this century and it has a great impact on globalization. This paper discusses the role of information technology for global management. Multinational companies which are implementing IT and related technologies are enjoying competitive advantage over the companies which do not do the same. In this paper, several areas of global management are taken and discuss how IT has already helped or can help in these particular areas. Previous literature has been taken in this study. One of the limitations of this study is that it is based on secondary data. In future, primary data could be used to support the argument that IT has a direct relationship with global management.

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