
CORRELATION OF INFORMATION TECHNOLOGY TRENDS WITH STRATEGIC MANAGEMENT

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ABSTRACT:

The sweeping changes in the business environment, driven mostly by the mutually reinforcing triple forces – liberalization, privatization, globalization have made strategic management very important. These forces combined with the technological and managerial revolutions and competitive race have made the business horizon a fast changing and, in many cases, a very discontinuous one and has made strategic management a buzzword which helps an organization to be proactive rather than reactive in shaping its future.

As without a strategy, an organization is like a ship without a rudder, going around in circles. It's like a tramp; it has no place to go, so the strategic management with the help of information technology trends is imminent for it is a pattern of plan that integrates an organization's major goals, policies and actions sequences into a cohesive whole and relate the firm to its environment in a way that will assure its continued success and make it sure from surprises.

By analyzing the data of Indian economy, the companies should adopt different strategies. Today the information technology has not only made the companies aware but also helping the companies in understanding the various circumstances and environment. For example VIP a pioneer in moulded luggage when faced tough competition in 1990 adopted start up routes strategy by opening new units with the knowledge of information technology.

Thus this paper tries to analyze the effect of information technology on strategic management

INTRODUCTION:

With the increasing and intensifying trends towards globalization, competition is increasing and becoming more global, relentless and fierce. Increasing competition, infact, is leading to intense competitive rivalry. C. K. Prahlad, interestingly refers to this trend as **“Competitive battlefield”**, as this is what the global market has effectively degenerated itself into. This global competition has increased performance standards in many dimensions covering the whole gamut of cost, price, quality, technology, productivity, product launch / introduction, time and smooth flowing operations. Moreover, these standards are not static, they are exacting, requiring continuous improvement from the corporate organization.

Hence, to survive, succeed and prosper in the present competitive environment, strategic competitiveness would have to be earned / achieved by the corporate not only by meeting, but by exceeding prevailing global standards with the help of Information Technology. The new millennium is witnessing a complete revolution in the history of mankind i.e. The Information Technology revolution, which is the process of creating, gathering, processing, storing, receiving and delivering of information from one place to another.

INFORMATION TECHNOLOGY

Any one of us who watches T. V. or reads a newspaper or uses a cell phone or surfs on the internet have come across the massive coverage of the impact of the rapidly growing information technology (IT). Most of us have a misunderstanding that only highly educated people such as engineers or scientists can make use of computers and Information Technology. Actually anyone of us with some basic knowledge of computers can use of this technology. Nowadays there has been no field remained where information technology is not in use. IT is used in almost all fields such as business, industry, education, training, science, engineering, arts, entertainment, home communication, defense, police, government & so on.

Today the Information Technology has become a critical organizational resource and is increasingly considered and accepted as a valuable strategic resource or as an invaluable asset for competitive advantage. It is affecting competition in there vital ways –

1. It changes industry structure and in so doing, alters the rule of competition.
2. It spawns whole new business, often from within the company's existing operations.
3. It creates competitive advantage by giving companies new ways to out-perform their rivals.

However today the modern IT systems are not just complex and sophisticated, but also energy guzzlers for the concept of “**Green IT**” is catching on these days. This Green IT can be called upon as environmental sustainable technology for it is the source of power generation as well as development of new hardware which consumes less power. For example – The Motorola has launched Eco-friendly Moto W233 Renew, which is the world's first mobile phone that makes use of plastics taken from recycled water bottles as well as its box and all the literature accompanying it have also been printed on 100% post consumer recycled paper.

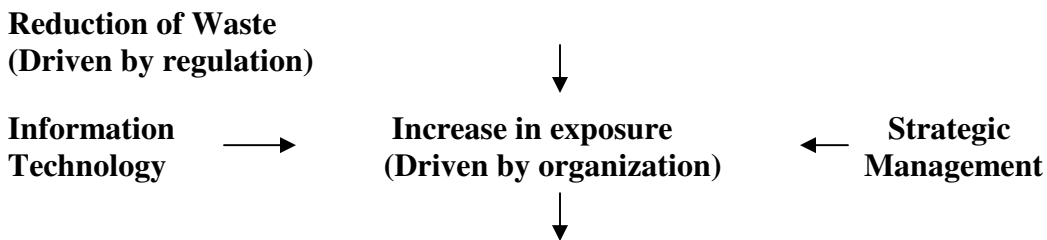
However it has been found in one the research conducted that the U. S. entrepreneur seems to have realized that the essential ingredients to make a start up successful include a sound customer acquisition strategy, rather than just the technology which is typically dynamic and easy to replicate by competition, moreover it has been also found that approximately 32% surveys in the date centre are working less than 3% of its peak load so a proper strategy is required, for without a strategy, an organization is like a ship without a rudder, going around in circles, It's like a tramp; it has no place to go.

STRATEGIC MANAGEMENT

In earlier times, the managers focused on “today's decisions for today's business”, but the rapid changes experienced by companies have made the managers to anticipate the future and prepare for it. They have prepared systems, providing and manuals and evolved budgets and planning and control systems which included capital budgeting and management by objectives. The inadequacy of these techniques has let to the emergence of long range planning which in turn gives rise to strategic planning and subsequently to strategic management.

This strategic management deals with decision making and actions which determine an enterprise's ability to excel, survive or die by making the best use of a firm's resources in a dynamic environment. Its main purpose is to examine why some organizations succeed while others fail and yet others completely change. It helps to envision an organization's future by formulating mission and by making the objectives clear. It applies the SWOT analysis for exploiting opportunities and combating threats and thus makes the management dynamic, appropriate to the environment and future oriented.

Thus for the business to be successful there need to be a correlation between Information Technology and strategic management right from establishing the strategic intent to formulation of strategies to strategic implementation and finally to the evaluation of strategy so that the firm can add value to their product by reducing their cost and making their products and services competitive in the market which can be understood with the help of a diagram.



Reduction of cost
(By adding external and internal value) source – Atos Consulting.

Thus the top management should not only emphasize the importance of technology along with strategy but should also develop systems to make sure that technology is used effectively for new product development with the understanding of consumer likes and preferences, for today the consumers are willing to pay a higher price for a product which is technologically superior, capable of solving their problem in a more economical manners. **For Example – The key to success for Sony and to everything in business, science and technology for that matter, is never to follow others but to give new convenience or new methods or new benefits to the general public with the technology.**

There are various advantages which an organization can gain by applying Information Technology with strategic management together.

1. A firm can use four basic competitive strategies to deal with the competitive forces :
 - i. Product differentiation
 - ii. Focused differentiation
 - iii. Developing right linkages to customers and suppliers becoming a low cost product.

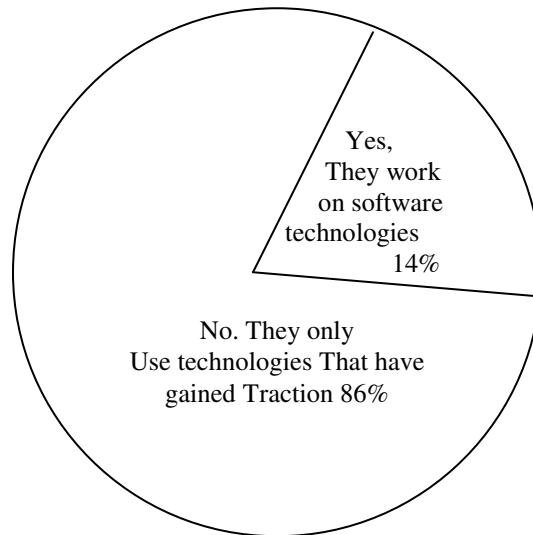
Thus a firm can achieve competitive advantage by pursuing one or more of these strategies simultaneously.

2. It facilitates availability of extensive data, both internal and external, thereby facilitating a more comprehensive analysis and adding value for – **(i) Problem solving (ii) Decision making.**
3. It helps in increasing an organization abilities to co-ordinate its activities regionally, nationally and globally. This, in turn, helps to unleash the powers of broader geographical scope to create competitive advantage.
4. It enables organizations to **“Think Globally, Act Locally”**.
5. The new intensity of information makes it possible for more proper development of strategies, planning, forecasting and monitoring.
6. It yields strategic opportunities and enables change the rules of the competition very fast, almost overnights, and bestows competitive advantage.
7. It helps the organization in becoming more flexible and responsive, eliminate management layers, separate work from location and restructure work flows, giving additional competitive advantage to organizations.
8. It helps the organization in acquiring strategic flexibility which is a “set of capabilities, firms use to respond to various demands and opportunities that are a part of dynamic and uncertain competitive environment.”

And lastly it also helps an organization in utilizing optimally the geographical capital, health capital, education capital, agricultural capital and national capital which ultimately drives to industrialization and economic development of the country.

Logically, a country like India which is a major player in the global IT industry should be an early adopter of the latest technologies. But in India, the picture is totally different. In a research a few IT entrepreneurs were asked for their thoughts on this

subject and it was found that only 14% work on new software technologies and the just 86% use technologies that have gained traction.



The basic reason found out in the research was many Indians start up goes with well established technologies in order to reduce the risk factor for there is no good infrastructure to support failures borne out of risk-taking and less application of strategic management.

THE RESPONDENTS

| Name | Designation / Organization |
|-----------------------|--|
| Abhijit Bhattacharjee | CEO, my mobile phone. in |
| Alap Ghosh | Business head, Active media technology |
| Krishna Kumar | CEO, Zyoin.com |
| Y S Sheshadri | Vice president – services business division, Canarys Automations |
| Sanjay Negi | CEO, TBS: Technology for business solutions. |
| Ashish Belagali | Director, Acism Software |
| Santosh Mogili | Founder & CEO, Opt. IT (www.optit.in) |

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SUGGESTIONS:

1. **External scanning** – Such scanning enables an organization to prepare ‘technological roadmaps’ and assesses where technological break through are likely to happen, the amount of initial investment and the period required for commercializing the new product for a new technology which substitutes for an existing technology at a low cost and high quality changes the basis of competition.
2. **Internal scanning** – The internal environment can be studied by analyzing whether the organization has got necessary resources, encourages risk taking new ideas and evolves autonomous project terms. In addition, the timely sense of transfer of new technology for evolving new products and services for companies is highly relevant.
3. **Resource Allocation issues** – In global competition, companies should allocate a specific percentage of sale proceeds as R & D budget. In U. S., computer software industry spends an average of 11% of sales towards R & D.
4. **Market research** – Conducting market research with the application of information technology will help an organization in launching new product. For example – Seiko used to introduce many new models of watches and used to study the market and learnt from the market and kept the manufacturing process flexible.
5. **Corporate Entrepreneurship** – also known as ‘intrapreneurship’ should be encouraged by the managers by giving an opportunity for intrapreneurs a person who focuses on innovation and creativity and who transforms and dream of an idea into a profitable venture.

CONCLUSION

Thus there are only two options: change or Sink. Change is inevitable for survival. However, as Drucker observes, to be able to take advantage of change, enterprise must welcome change. They have to be innovative for the future will not be a continuation of the past. For the winners will be those who stay ahead of the change

curve constantly redefining their industries, creating new markets, blazing new trails and by reinvesting the competitive rules.

It must be remembered that, at the end of the day, lasting competitive advantage would be derived only from using information technology in conjunction with strategic management so as to add value to a company.

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