

MANAGEMENT INFORMATION SYSTEMS 8/E

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Chapter 4

Computer Use in an International Marketplace

The Multinational Corporation (MNC)

- Parent company and group of subsidiaries
- Operates across
 - Products
 - Markets
 - Nations
 - Cultures

Each Subsidiary Has Its Own

- Geography
- Goals
- Policies
- Procedures

Special Need for Information Processing in an MNC

- Influenced by internal and external conditions
- Seeks to minimize environmental uncertainty
 - Uncertainty - Difference between information required and information possessed
- Requires ‘good’ use of information technology to achieve desired performance

Types of MNC Organizational Structure Classifications

- Each structure requires its own information processor
- Worldwide functional divisions
 - Organized along functional lines
 - Marketing in subsidiary reports to marketing in parent company
 - Strategic planning done at top executive level
 - Data that integrates operations does not exist at lower levels

MNC Classifications (cont.)

- International regions
 - International division separate from domestic division
- Geographic regions
 - Each region responsible for its subsidiaries
 - No communication between regions
 - Communication coordinated by parent company

MNC Classifications (cont.)

- Worldwide product divisions
 - Product division responsible for operations worldwide
 - Helps recognize product specific needs

Need for Coordination in an MNC

- Greater need than domestic companies
- Companies unable to gain strategic control of their worldwide operations and manage them in a globally coordinated manner will not succeed in the emerging international economy
- Resources are widely distributed

Need for Coordination in an MNC (cont.)

- Improvements in information technology and methodology have made global coordination somewhat easier
- Still, coordination is big challenge

Advantages of Coordination in an MNC

- Flexibility in responding to competitors
- Ability to respond in one country to a change in another
- Ability to keep abreast of market needs around the world
- Ability to transfer knowledge between units in different countries

Advantages of Coordination in an MNC (cont.)

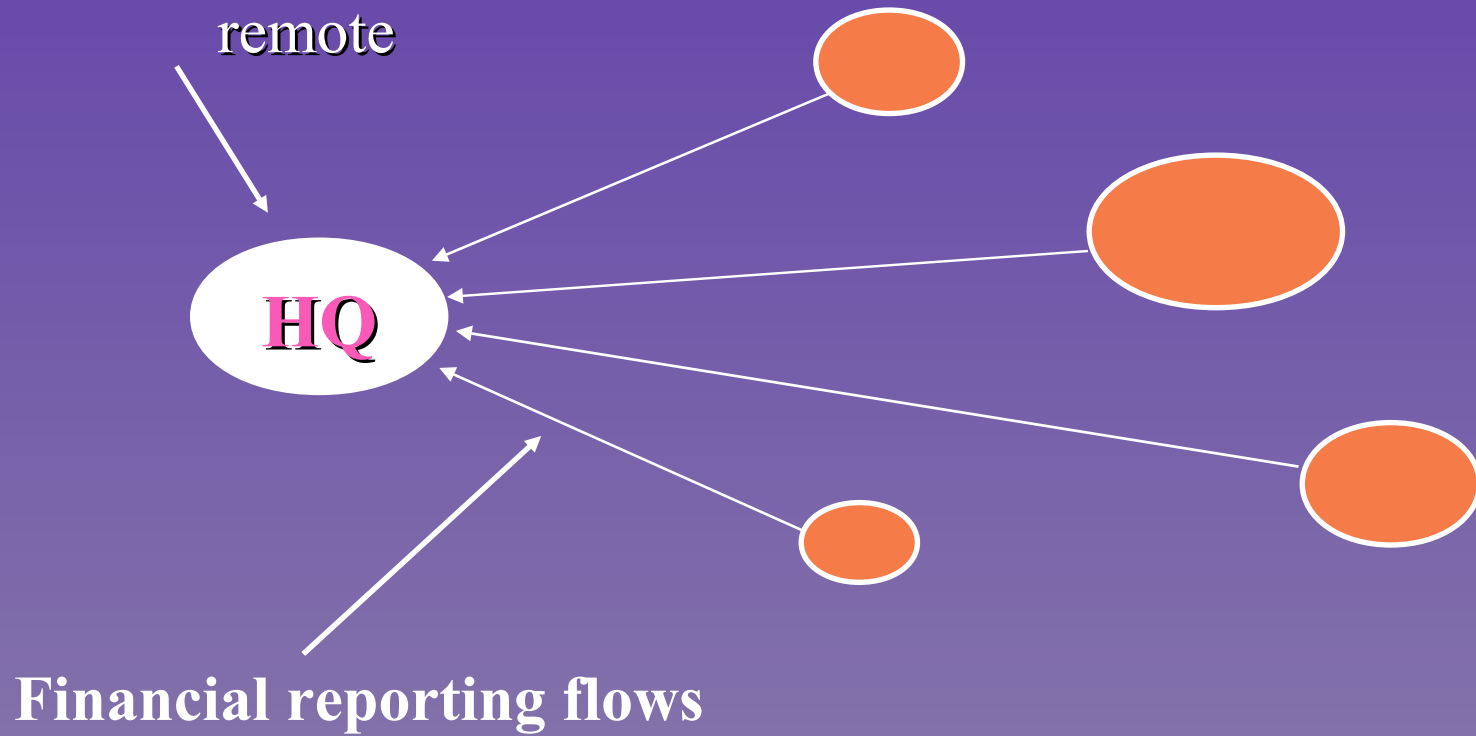
- Reduced overall costs of operation
- Increased efficiency and effectiveness in meeting customer needs
- Ability to achieve and maintain diversity in firm's products, their production, and distribution

Global Business Strategies

- Multinational strategy
- Global strategy
- International strategy
- Transnational strategy

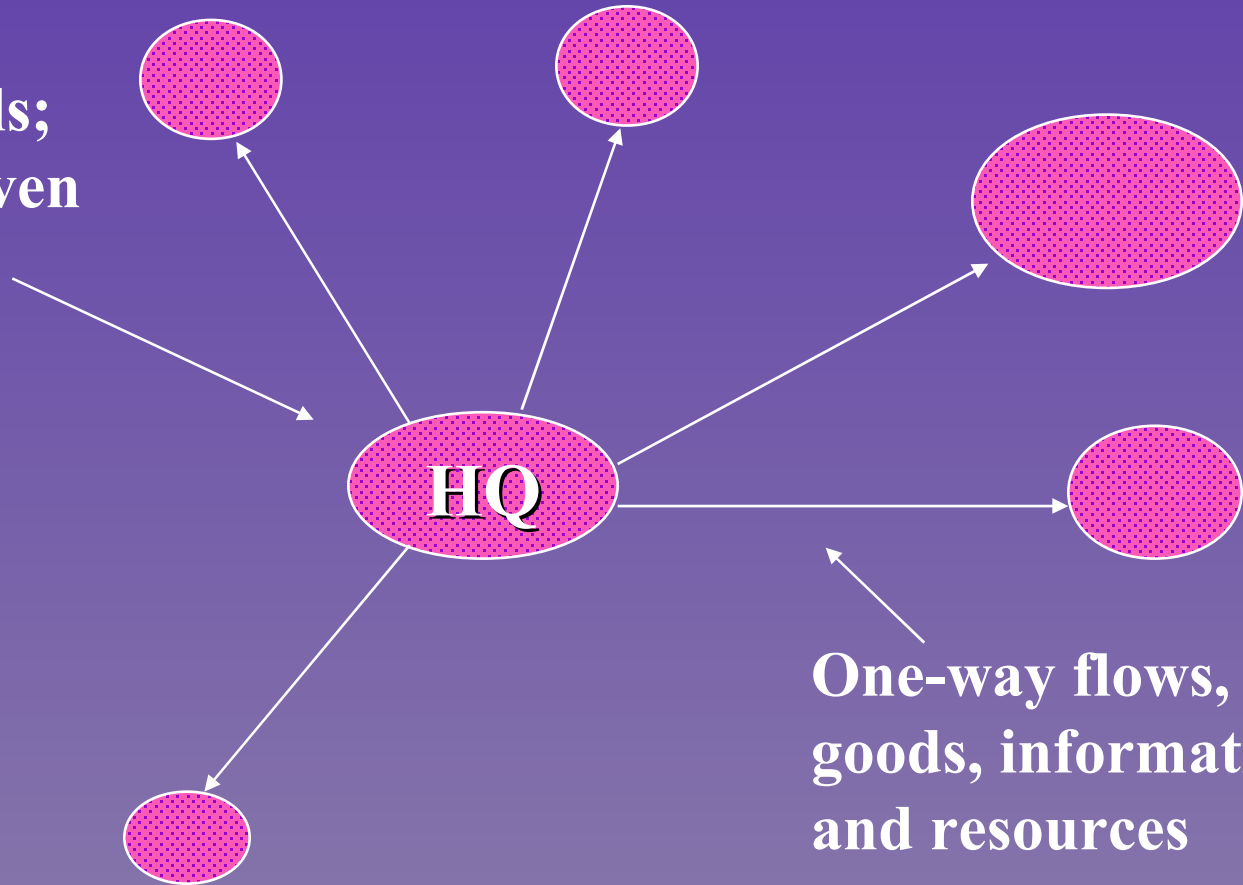
All use global information systems
(GISs) in various ways

Multinational Strategy



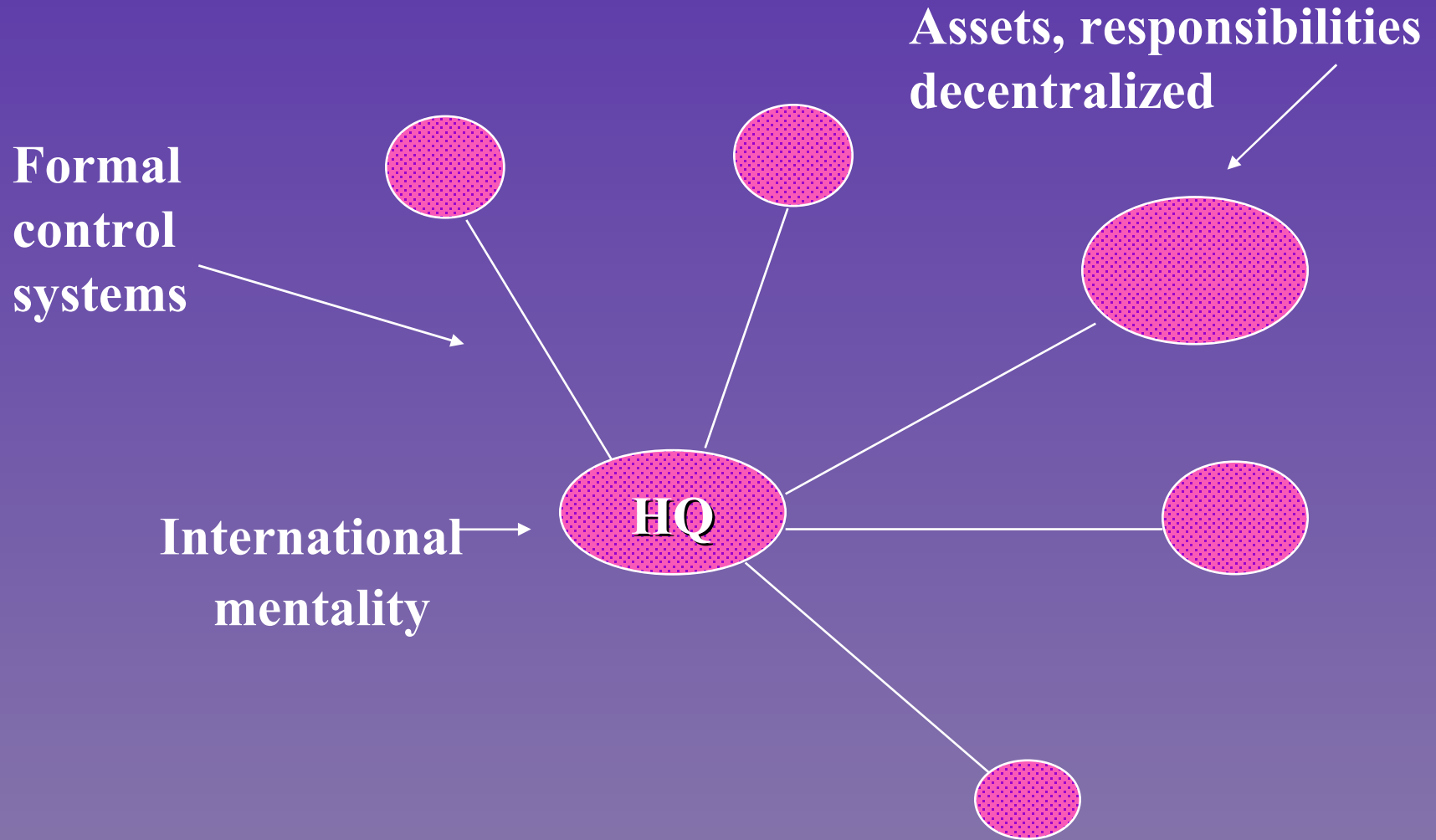
Global Strategy

**Tight controls;
centrally driven
strategy**



**One-way flows,
goods, information,
and resources**

International Strategy

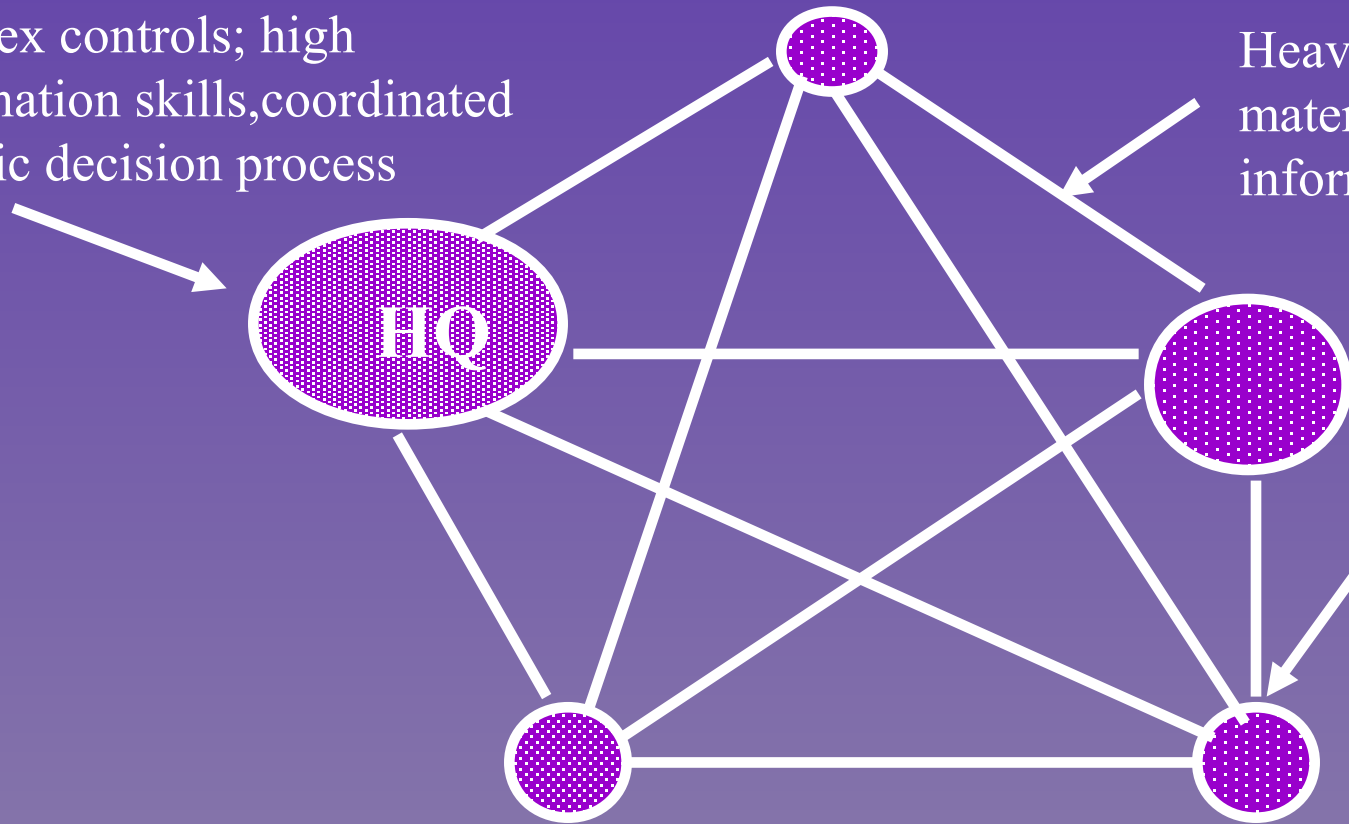


Transnational Strategy

Complex controls; high coordination skills, coordinated strategic decision process

Heavy flows; materials, people information, technology

Distributed capabilities, resources and decision making



Global Business Drivers (GBD)

- Joint resources
- Flexible operations
- Rationalized operations
- Risk reduction
- Global products
- Scarce supplies
- Corporate customers

GBDs Cautions

- All GBDs do not apply to all MCNs
- Drivers have many influences
 - Industry
 - Country
 - Own characteristics
 - Business units within firm
- Provide vehicle for mapping out SPIR

Global Information Systems (GISs) Implementation Problems

- Politically imposed constraints
 - Hardware purchases and imports
 - Data processing
 - Data communications
 - » Transborder data flows (TDF)
 - Operational data
 - Personal data
 - Electronic funds transfer
 - Technical and scientific data

Global Information Systems (GISs) Implementation Problems (cont.)

- Technological problems
 - Unreliable power
 - Slow telecommunications
 - Software copyrights and blackmarket products
- Lack of support from subsidiary managers
 - View corporate office as an ‘outsider’
 - Drag heels to improve local profitability

GIS Implementation Strategies

- Multinational strategy
 - Development teams derived from subsidiaries
- Global strategy
 - Development teams derived from parent location

GIC Implementation Strategies (cont.)

- International
 - Development teams can travel from parent to subsidiaries
- Transnational strategy
 - Development team includes members from both parent and subsidiaries

Transnational Strategy

- Link the GIS to business strategy
- Define the information resources
- Provide for data sharing
- Consider the cultural environment

Caution: the tasks and issues listed above are issues to be addressed, not steps to always be followed in strict sequence

Computing Around the World

- Group Support Systems (GSS) in Africa
 - Top management influences
 - Computing literacy
 - Referent power
 - Oral communication preference
 - Satisfaction with use

Group Support Systems (GSS)

- Systems that typically support problem solvers meeting in groups settings
- Also called group decision support systems (GDSS)
- An expansion of the DSS area

Factors Influencing Acceptance of GSS



Computing Around the World (cont.)

- Strategic Decision Support System (SDS) in Switzerland
 - SDS helps managers understand business strategy and its implications
 - Tools and models
 - Cases
 - Tutorials
 - Applications

International Computer Use in Perspective

- Great deal of attention given to GIS in past few years
- GIS built on solid foundation
- Cultural differences can influence computer work
- A better understanding of GIS is required

Summary

■ MNC

- Four organizational structures
- Coordination is the key
- Multitude of problems

■ GIS

- Implementation strategies
- Consider culture

■ U.S. is leader in computer use