



# A study of subsidiaries' views of information systems strategic planning in multinational organisations

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## Abstract

This research examines information systems strategic planning (ISSP) in multinationals from the perspective of the subsidiaries. The research was carried out through interviews with the IT and business managers in subsidiaries of nine large American, European, and Japanese multinationals. The evidence from this study reveals that, in the majority of these organisations, IS planning is either centralised or moving towards centralisation. The main focus of IS planning, in many of these organisations, is to control cost and achieve scale economies. As centralisation increases IT tends to control the planning process and, as a result, IS planning becomes more tactical than strategic and is dominated by IT infrastructure planning. Project implementation was the main criterion used to measure IS planning success. However, due to the dominant role of IT, the subsidiary business managers are often less satisfied with the IS planning approach compared with the subsidiary IT managers. The level of involvement of business managers and their satisfaction with ISSP was related to the degree of decentralisation of responsibility for IS planning.

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## 1. Introduction

Even though the field of information systems strategic planning (ISSP) has attracted much research since the 1970s (Doherty et al., 1999; Earl, 1993; Galliers, 1991, 1993; Nolan, 1979; Segars and Grover, 1998; Sullivan, 1985), few studies have focused on multinational organisations. Ives and Jarvenpaa (1991, p. 34) noted that the IS research community “has generally neglected this important area” whereas Deans and Ricks (1993, p. 16) stated that “until very recently there was a complete void in the available literature” pertaining to IS/IT in multinationals. Since 1993, a number of studies (Jarvenpaa and Ives, 1994; King and Sethi, 1999; Manwani and O’Keefe, 2003; Ramarapu and Lado, 1995; Roche, 1996; Viitonen, 1995) have considered the particular issues of ISSP in multinationals but largely from the corporate perspective. Only the research by Mirchandani and Lederer (2004) has, to date, approached the subject of ISSP explicitly from the point of view of the subsidiaries.

The large number of empirical studies in multinationals that relate to domains other than information systems shows that it is increasingly important to conduct studies in multinationals as entities distinct from single-nationals. For example, it was found that multinationals develop their business strategies based on either the different levels of global integration and local responsiveness faced by these organisations (Bartlett and Ghoshal, 1989; Prahalad and Doz, 1987) or on the global co-ordination and global configuration of different multinational units (Porter, 1985).

Although it can be argued that a multinational environment, from IS/IT standpoints, is purely an extension of a single-national environment, previous research has found that, for instance, the technical and managerial issues in relation to IS/IT faced by these organisations are not all the same (Tractinsky and Jarvenpaa, 1995). Deans and Ricks (1991, p. 73) wrote, “the evidence clearly indicates that difficulties associated with international information systems go beyond those associated with distance alone”, while according to Akmanligil and Palvia (2004), “classifying global system development projects as simply larger versions of their domestic counterparts is an oversimplification”. IT managers in single-nationals were found to place more emphasis on the interdependency and standardisation among different units whereas IT managers in multinationals emphasise the independence of different units in responding to their local environments (Tractinsky and Jarvenpaa, 1995).

Previous studies in multinationals have mainly focused on the multinational enterprise as the unit of analysis (Birkinshaw, 1994). However, not all subsidiaries in a given multinational enterprise behave uniformly (Ghoshal and Nohria, 1989; Harzing, 2000; Martinez and Jarillo, 1991). Martinez and Jarillo (1991) argued that, as different subsidiaries play different roles within the same multinational, the headquarters would treat each subsidiary differently. Therefore, the authors noted, “the relationship between strategy and mechanisms of coordination must be studied at the subsidiary level” (p. 433). Increasingly, research in multinationals is focusing on the subsidiaries (Birkinshaw, 1994; Gupta and Govindarajan, 2000; O’Donnell, 2000).

In addition to different political, legal, economic, social, cultural and technological environments, the complexity and risks involved in planning for IS/IT in multinationals can also be caused by resistance from foreign subsidiaries and the disparity of available IT solutions across the different countries (Ives et al., 1993). The different stages of economic development of the countries in which the subsidiaries operate can create particular issues for both local and corporate IS/IT planning (Palvia et al., 2002).

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