

THE IMPACT OF THE IS FUNCTION ON THE EVOLUTION OF THE ORGANIZATION STRATEGY

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ABSTRACT

For organizations to stay ahead of their competitors and meet stakeholders' needs, they must respond to the changing role of the IS function by involving IS team members at the highest level – the design of organization strategy. We analyzed vignettes derived from conversations with key organizational members. Our analyses examined the impact of the IS function on the ability of organizations to respond to internal and external stakeholders and adapt strategies in order to remain relevant. Our study serves to extend our understanding of organization strategizing by including important considerations of the IS role related to sensemaking and IS implementation.

Keywords: Information Systems teams, strategy, sustainability

EXTENDED ABSTRACT

For most of the 20th century, business and industry were stable and organizational structures were more hierarchical in nature [1]. Strategy was viewed as a “c-suite” activity with plans kept in secret and narrowly distributed [2]. Information Systems (IS) teams have served primarily to acquire operational data used to measure the efficacy of operational strategies and tactics.

In the late 20th century, we saw the advent of the World Wide Web and advanced analytics. Hyper-competition replaced stable market structures [3] and organizations' survivability in this new erratic market environment saw organizations and industry sectors becoming more flexible and responsive to rapidly changing market conditions. Today, 21st century markets and societies demand more from companies than simply provide products and services. Expectations of business have expanded and the roles they play in society seem to directly influence how customers perceive and adopt organizations' brands [4]. In addition, stakeholders now use social media systems to broadcast these perceptions to the public forcing businesses to respond swiftly [5].

Organizations' responses to stakeholders have been uncertain because the expectations, while real, were not among their usual disclosures. Speaking to the need to capture and respond to these new expectations Ray Anderson (CEO of Interface Flor) declared when explaining his company's role in becoming a leader in sustainable business strategy, “We had to make up our own metrics because none existed” [6]. This need for new metrics, as well as for acquiring and interpreting data, has changed the role of information systems (IS) and the IS function in organizations. Today IS teams are also required to provide strategic data/analytics to enable management to quickly recraft their strategies in order to recognize and respond to opportunities and threats. As such, the IS role has evolved and with it, the involvement of IS professionals.

In this study, we focus on organization *stakeholders' sustainability demands*, which we define as demands

on the organization to contribute to “development by simultaneously delivering economic, social, and environmental benefits” [7]. These require a shift of focus from shareholder needs only to consideration

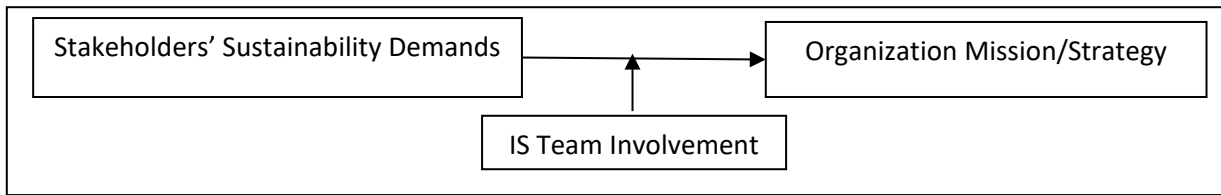


Figure 1: Research Model

of employees, communities and the natural environment – the *triple bottom line* [8] and a strategy that incorporates these elements.

A research model developed by drawing on institutional and stakeholder theories and the organization strategy literature guided our study. Our model involves three key constructs: *stakeholder sustainability demands*, *IS team involvement*, and *organization mission/strategy*. We define **stakeholder sustainability demands** as the shifting external social, environmental and economic opportunities and threats that need to be identified to be effectively addressed by organizations. We define **Organization Mission/Strategy** as the organization’s purpose (i.e., mission) which guides, and is achieved by, the long-term strategic plan. The strategic planning process includes changing the mission if the information related to the external and internal environments (e.g., SWOT) indicates the change would allow the organization to better compete [10]. **IS Team involvement** represents input from a multi-skilled team of representatives from the IS function. It is well established that flexible structures (e.g., teams) enable organizations to quickly respond to the demands of a dynamic stakeholder demands. Marabelli and Galliers assert that strategizing is a social process frequently done in teams [9]. They further propose that information gathering and analysis break out of the traditional top-down view. We argue that for organizations to stay ahead of their competitors and meet the needs of their various stakeholders, they must respond to the changing role of the IS function by involving IS team members at the highest level – in the design of organization strategy. Therefore, our model proposes that involvement of the evolved IS function in organizations is necessary for interpreting stakeholder demands and implementing systems that provide information for developing strategies and strategic stakeholder responses.

In addition to our review of the literature, we analyzed a series of vignettes derived from conversations with key organizational members. Our analysis examined the impact of the IS function on the ability of organizations to respond to their internal and external stakeholders and adapt their competitive strategies in order to remain relevant. Our study has both research and practical implications. It serves to extend our understanding of organization strategizing in the practice perspective by including important considerations of the IS role related to “sensemaking” and IS implementations. Our use of the term sensemaking refers to how IS team members, in particular their skills and knowledge, can enable interpretation of stakeholder demands. IS implementations refers to the team’s ability to strategically select systems that are able to capture data related to organization objectives and also execute important functions that advance the goals of the organization related to the interpreted demands. Our study can also guide organizations as to how to incorporate the IS role to better strategize.

REFERENCES

References available upon request from the authors.