

Chapter 22

Information System for Strategic Decision Making

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ABSTRACT

The business strategy can be seen as a problem that involves three parts: information, strategy, and information technologies and communication. It has to be seen in the context of business sciences, in the process strategy formulation (analysis) and decision making (the strategy), information sciences (objective and subjective information, in supporting the process of formulation of the strategy and strategic decision making), and computer science (the tools of support to the implementation and monitoring of the strategy). Corporations need to define the strategy, translate it into actions, and ensure effective integration between the definition and the action in a competitive environment filled with actual and potential importance of information.

INTRODUCTION

For several years, there have been numerous attempts to improve the flow of information in business. During this period, the watchword has been the information and knowledge, by which we are witnessing an important transformation in the nature of the business. We have gone from an economy based on industry and transport, to an economy based on information and knowledge.

These days are the information and knowledge that unite us and many people earn currently all their way of life acquiring information one way or another. This dependence of information will increase in the coming years. Today and especially in the near future the basic understanding of information will be as important as a few years ago; it was the expertise in the fields at the age of agriculture or the basic industrial knowledge, in industrial society.

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In fact, the understanding of information importance as a strategic resource in the management of organizations, to become more important to strategists than were the formulation strategy models of industrial society. In the 21st century, no manager will be able to set and implement the strategy successfully without a basic understanding of information for strategic decision-making.

OBJECTIVES

This article seeks to contribute to the understanding of the importance of information resource in the definition of business strategy. Although organizations use different models to formulate the strategies, managers give different importance to information, and the implementation of the strategy is often short.

Some managers favor above all the quantitative information (past or projected) at the expense of qualitative information, since these are easier to obtain, can be compared and give them greater comfort in decision making, while the qualitative information is subjective and depend on the particular interpretation of the future prospects strategy of development.

21st century organizations compete in turbulent and complex surroundings full of interrelations that remain in a constant state of mutation and, in this context, the information represents an increasingly valuable resource, necessary for managers to understand, interpret and respond to changes in the environment, to achieve or maintain a favorable position in the market.

APPROACH METHODOLOGY

This is an exploratory study that seeks to clarify and organize the concepts about different information systems in organizations, presented in the literature of science. This is a proposal for new terms and concepts for the information system of support in strategic decision making, in order to enable its identity, use and relevance in the context in which the words are inserted. The survey is characterized by literature search about terms and concepts related to information systems.

The initial step was the selection about the object of study. From this first phase of the selection of authors, the following was determined by the frequency with which the authors are commonly referenced in the studies about the subject – information systems. Is a qualitative character with the intention to promote a reflection on the different types of information systems presented in the literature?

Schools of Business Strategy

School Harvard 65/ Design (Andrews et al, 1971)

The logic of the model of Andrews (1971) comprises a double dichotomy between, on the one hand, what is inside (the company) and what's out (its context) and, on the other, what is said (the strategy formulated) and what is done (the implementation of the strategy). It is about making a diagnosis (model SWOT – Strengths – Weaknesses - strengths, weaknesses, Opportunities – opportunities and Threats – threats) which was the strengths and weaknesses of the company, to identify its competitive competence, i.e. identify the key variables on which it had an interest in basing its strategy, facing competition. Out-

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