



Chapter II

Toward a Strategic Perspective of Information Technology

Paul L. Drnevich, Purdue University, USA

Jungpil Hahn, Purdue University, USA

Mark Shanley, University of Illinois at Chicago, USA

Abstract

This chapter explores theoretical conceptualizations of IT beyond current common resource-based perspectives, in the hopes that MIS research may benefit from an improved understanding of the role, use, application and alignment of IT with the full spectrum of strategic management's core theoretical perspectives. We argue that research in both fields needs to look at the fundamental value (profit) assumptions, as grounded in strategic management theory, to provide insights into the true role of IT in a firm and its performance. This chapter offers an integrative solution framework to attempt to position IT in the context of some common strategic management theoretical perspectives, which may serve as a basis to assess the validity of future MIS research.

Introduction

Over the years, research in management information systems (MIS) has resulted in significant implications for organizations in a wide variety of areas. As IT-related expenditures can represent a large recurring investment for the firm, the field of strategic management needs to expand its conceptualization of IT beyond current perspectives of a commodity resource. This perspective holds that resources and capabilities acquired in factor markets, such as IT resources, cannot be sources of sustainable competitive advantage (Barney, 1986; Rumelt, 1995). Such *Business Value of IT* research in the MIS field, based upon the resource-based view (RBV) (Barney, 1991; Wernerfelt, 1984) is fairly extensive (e.g., Dewan, Michael & Min, 1998; Hitt & Brynjolfsson, 1996; Melville, Kraemer & Gurbaxani, 2004), and understandably inconclusive. However, work on this topic from a strategic management perspective, where the original theorizing was developed, is extremely limited (Powell & Dent-Micallef, 1997; Ray, Barney & Muhanna, 2004; Tippins & Sohi, 2003). Therefore, business value of IT issues and implications continue to remain underdeveloped and unresolved in the research literature. This has left our understanding of the paradoxical relationship among IT investments, strategy and firm performance far from clear (Berndt & Morrison, 1995; Carr, 2004; Melville et al., 2004; Orlikowski & Barley, 2001; Tippins & Sohi, 2003).

It, therefore, would appear that both the strategy and MIS fields may benefit from an improved perspective of these issues. For example, management theory may benefit from expanding beyond the somewhat rigid conceptualization of IT as a commodity resource. This may include new insights to the positioning and alignment of IT as well as implications for firm performance and competitive advantage. Likewise, MIS research may benefit from an improved understanding of the role, use, application and alignment of IT with strategic management's theoretical perspectives.

As a step towards fostering an exchange of knowledge between the strategy and MIS fields, this chapter reviews some current research perspectives in the MIS and strategy fields, and offers an integrative solution framework for IT. This chapter explores theoretical conceptualizations of IT beyond current common resource perspectives. We argue that IT value research needs to consider explicitly the fundamental value (profit) assumptions, as grounded in strategic management theory, to provide insights into and move beyond the apparent IT value paradox. This chapter proposes an integrative framework to attempt to position IT in the context of some common strategic management theoretical perspectives, which may serve as a basis to assess the validity of future MIS research on IT value. It is our hope that strategy and MIS research both may benefit from a more comprehensive theoretical perspective of the role of IT in the organization.

The Strategy: MIS Intersection

Historically, the strategy and MIS research areas have essentially been mutually exclusive streams, each with their own issues, assumptions and resulting limitations. MIS research has attempted to optimize responses to an assumed managerial issue, often one that strategic management scholars have moved beyond or long since redefined.

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