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Challenges in the Adoption of Information Technology at Sunrise Industries[1]: The Case of an Indian Firm

Monideepa Tarafdar
University of Toledo, USA

Sanjiv D. Vaidya
Indian Institute of Management Calcutta, India

EXECUTIVE SUMMARY

This case is based on Sunrise Industries Limited, one of the oldest manufacturers of industrial hydraulic cylinders and gears in India. It describes the evolution and progress of the use of IT in the company over time. The case highlights the effects of external factors such as regulatory changes and industry structure on IT investment and the IT applications portfolio. It illustrates the role of internal factors such as leadership attitudes and end user characteristics on the organisational focus towards IT. It also demonstrates the influence of IS professionals on top management and line managers, and their consequent role in steering the nature of IT deployment. This case is significant and interesting because the experiences of Sunrise Industries are representative of those of many other organisations from different industries in India, in the wake of economic

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liberalisation in 1991. Indeed the findings can also be generalized to companies in other developing countries.

ORGANISATION BACKGROUND

Introduction

Sunrise Industries Limited (SIL) was a manufacturer of industrial hydraulic cylinders and tipping gear equipment. It was a family owned business, established in 1967. Its production facilities were located in eastern India. The company manufactured three main products. The first, the tipping gears, were used in dumpers and tipper trucks, which were used to pick up, transport, and dump materials like soil, construction material, and garbage. These formed 60% of the company's total business. They were produced to bulk orders, against standard specifications. The second kind of products, the hydraulic cylinders, formed 30% of the total revenues of the company. They were used in dumpers, earthmoving equipment, excavating equipment, bulldozers, cranes, and steel rolling mills. They were made to order, and were one-off products. Hydraulic cylinders and tipping gears were sold to large automobile manufacturers in the Indian light and heavy automobile industry. The third kind of products, the mining pit props, formed the remaining 10% of the company's revenues. These were hydraulic equipment used in coalmines in eastern India and were sold to mining equipment manufacturers. These customers were typically government organisations, which ordered in bulk and at fixed rates. The demand for mining pit props was seasonal, for three months during a year, to coincide with the mining season in the coalmines of eastern India.

Organisation Structure

SIL had 350 employees at the time this study was conducted. The corporate office and the manufacturing unit of SIL were located in eastern India. The organisation structure is shown in *Figure 1*. The Chairman was the executive head of the operations and belonged to the family that first started the company. He was advised by the Deputy Director, who was in charge of the overall operations of the company. There were five departments, each responsible for the Marketing, Production & Quality Assurance, Finance, Systems, and Technical Development functions. The Purchasing, Stores, and Dispatch functions formed sub-departments that reported to the Finance department. The Marketing department was also responsible for the After Sales Service and Spares Management functions. Each of the five major departments was headed by a General Manager or Manager who reported to the Deputy Director. The operations were highly centralized. The Deputy Director, who supervised the day-to-day operations of the company, was the executive head. For instance tactical parameters, such as the daily production figures and working capital levels, were decided by the heads of the different departments, and then supervised and approved by the Deputy Director. Similarly, decisions based on marketing forecasts, such as annual production plans, and product promotion and advertising campaigns, were also closely monitored by the Deputy Director. Finally, resource allocation decisions, process change decisions, and technology implementation decisions were also approved by her, after she had studied the