

Causes of Conflicts for Local Information Technology Managers in Multinational Companies

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Abstract

The local IT managers in foreign subsidiary of multinational operation are unique in the sense that they face dual conflicts: one is between local IT manager and headquarters caused by cultural difference existing between headquarters and subsidiaries, and the other is between the IT manager and local workforces. The objectives of the study are to identify factors causing the dual conflicts that the local IT manager of multinational enterprise must manage, and to analyze how the factors work in the conflicts resolution management in IT usage of workforces in local subsidiary.

Based on literature review, we identified the effects of local IT manager participation, media, cultural difference, and firms' strategy on the dual conflicts. We employed a case study method because we attempt to explore meaningful insights on a phenomenon which is at an early stage (Hovav and Schuff, 2005).

The study on Company X was carried out in the subsidiary of a United Kingdom based multinational corporation in South Korea. We employed qualitative data gathering methods such as participant observation and unstructured interviews over the years 2006-2007.

From the interview and observation, we found that participation of local IT manager is strongly affected by headquarters' strategy. Under the standardized strategy, active participation of local IT manager would increase the conflict with headquarter whereas it decreases the conflicts with local end users. Cultural difference increases the conflict with headquarter and affect the level of adoption of the strategy. However, media richness has restrictive effect on decreasing conflict with headquarter and cultural difference.

Key words: Information Technology, Local IT Manager, Cross-Cultural Conflicts, MNC

Introduction

As the globalization of company's activities is growing, the work process has not been confined to specific local and the projects have employed the multinational, interdisciplinary, and multiorganizational partnership to overcome the inefficiency due to the dispersion (Horwitz, Bravington, and Silvis, 2006; Chinowsky and Rojas, 2003). In this context, information and communication technology (ICT) has been extensively adopted in organization and the number of virtual workers and e-workers has been increasing rapidly (Thomas, 1999; Sivunen and Valo, 2006).

IT manager is increasingly important as IT has been extensively adopted in all different levels of business function and become essential in organization (Banker and Kauffman, 2004). Workforces of an organization get supports from their IT manager or staff because of lack of knowledge on IT artifacts or systems. In most cases, they are end users of information systems and applications used for specific purpose (e.g., Microsoft Office).

Local IT managers confront diverse requirements from workforces. However, the IT managers in foreign subsidiary of multinational company are unique in the sense that they face dual conflicts: one is between local IT manager and headquarters caused by cultural difference existing between headquarters and subsidiaries, and the other is between the IT manager and local workforces. Due to lack of knowledge on IT artifacts or systems, end users in foreign subsidiary are hard to claim their problem to headquarters directly. Thus, IT managers are often asked to intervene between the two parties as mediator.

The primary objectives of the study are to identify factors causing the dual conflicts that the local IT manager of multinational enterprise must manage, and to analyze how the factors work in the conflicts resolution management of the dual conflicts in IT usage of workforces in local branch. To achieve the goals, constructive conflict theory and media richness theory will be discussed because these theories present important insight on the role of managers and media in resolving conflict. On the basis of empirical data obtained by in-depth interviews, observation, and content analyses of IT manager's work process, the paper is to present practical implication on the role of IT manager in foreign subsidiary of multinational operation.

Literature Review

Process Approaches

Several theoretical approaches for process of system development are applied to find factors leading to success. Process approaches (Robey and Farrow 1999) emphasizes different dimensions of problem resolution process to attain the goal. Problem solving approach (Smith, 1998) focuses that the acting should be led by object to achieve goals whereas conflict theory emphasizes feedback to monitor and correct behaviors of employees. Constructive conflict approach (Robey and Farrow, 1982) put its focus on conflict process and factors affecting the process to achieve goal, mainly successful administration of management information systems.

Media Richness Theory

Media richness indicates the capacity of processing information to support multiple channels regardless of reference frame and allow coordinating inter- and intraorganizational communication. So the effectiveness and efficiency of communication technology are directly affected by richness of media. The media richness theory provides useful implication related to task complexity.

Cultural Difference

Local IT managers in foreign branch are required to work with IT staffs or technicians in headquarters and come to experience cultural difference. The conflict in IT management can be more serious when multinational enterprises treat their subsidiaries as independent affiliates and activities of a subsidiary do not affect on the activities of other subsidiaries (Leidner and Kayworth, 2006). In this case, little interdependence exists between various functions across the multinational enterprises, and connection between subunits is weak (Porter, 1986; Taylor, Beechler, and Napier, 1996).

Firm’s strategy

The activity of local IT manager in foreign subsidiary is affected by headquarters’ strategy(Theodosiou and Leonidou, 2003). Under standardized strategy, the role of IT manager is marginal since all important decisions are determined by headquarters (Theodosiou and Leonidou, 2002; Levitt, 1983; Douglas and Craig, 1986). The local IT manager simply implements the decisions and marginal authority is allowed. On the other hand, the local IT manager is given resource and authority to implement independent IT strategy satisfying local requirements (Porter, 1986; Taylor, Beechler, and Napier, 1996).

Research Model

We develop the conflict model to identify factors causing conflicts in IT management. We argue that active participation of local IT managers increases conflict with headquarters and, on the other hand, decreases conflict with local workforces. The participation of local IT manager is expected to be affected by communication media and strategy of headquarters. Local IT manager has dual conflicts with headquarters and with local workforces in IT management. Conflict with headquarters would be increased by high cultural difference, poor media communication, high participation, and adaptation strategy.

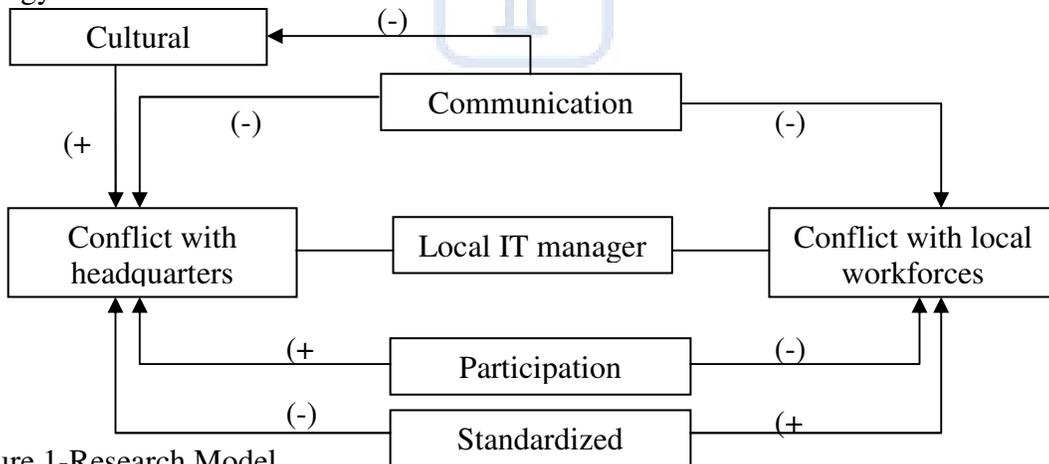


Figure 1-Research Model

Table 1-Expected effect of factors on conflicts

	Conflict with headquarters	Conflict with local
High participation	High	Low
Rich media communication	Low	Low
High cultural difference	High	N/A
Standardized strategy	Low	High

Case Analysis

Research Setting

We carefully decided conditions for choosing object of case studies. The study on Company X was carried out in the subsidiary of a United Kingdom based multinational corporation in South Korea. The case study is very extensive given that it is conducted in non-Western country context (Shoib and Nandhakumar, 2003).

We employed qualitative data gathering methods such as participant observation and unstructured interviews over period of time. The study at Company X involved one of the authors as a participant observer. During 2 years (2006-2007), the author visited main office in South Korea occasionally to observe and interview IT manager. The focus has been put on the role of IT manager and the interaction with headquarters related to IT management.

Case Description and Analysis

The Company X involves inspection and classification of ships to assure quality and reliability of design, construction, and operation of ships. The company locates headquarter on UK and main offices in the world. Regarding Asia region, the company X has main offices on Hong Kong, Japan, China, South Korea, Singapore, Malaysia, and India. Main office in each country administers site offices that are located on a shipbuilding yard and support inspectors' works.

The responsibilities of local IT are to support inspectors' IT usage and guarantee IT infrastructure such as bandwidth of network that inspectors have no problem in using IT artifacts or systems. Specifically, main tasks of local IT are to manage network performance and applications, secure bandwidth of network and Internet, backup files, install programs into computers, repair hardware and software, and support usage of application.

The branch of South Korea has four levels in terms of manager. The highest manager is country manager who supervises country main office and administers area managers. Local IT manager is supervised under the direction of area manager who administers in-charger in site office.

Since the Company X adopts standardized strategy in IT management, most critical resources are centered on headquarter in UK. When an end user reports problems or error to local IT manager due to lack of knowledge on IT, local IT manager creates 'call' and delivers the 'call' to Help Desk of UK with his/her comments on the problems

or errors. In such way, created calls are recorded in server in headquarters and used as criterion to evaluate performance of local IT manager. Thus local IT manager is not available to end users in problem solving process even though the manager can react quickly on the problem with proper remedy.

In a local office, the most frequently preferred media is email due to its convenience in usage and function to keep evidence by recording all transactions as history. Phone is preferred because of its synchronous characteristics. Thus phone is most used when in emergency and real time communication is required. Video conferencing is third preferred communication media.

Cultural difference is found to impede effective communication and IT management. South Korea can be classified into high-contexture culture whereas most western countries are belongs to low-contexture culture. People in high-contexture culture emphasize background or context in which conversation occurs. When local IT manager reports a problem or explains a situation, such cultural difference in a way of communication disturbs effective communication and are hard to make it understood each other. The effect of cultural difference also can be verified from the fact that level of adoption of Help Desk call system is different among nations.

Conflicts occurs between headquarter and local IT manager, and between the manager and local end users continually. Local IT manager conflicts with headquarters when local IT manager has a) a late response on request, b) unreasonable remedies on reported problem due to lack of understanding of local situation, c) change or alteration on local server or equipment without consultation with local IT manager, and d) request of assistance on things launched and progressed before local IT manager is aware. Local IT manager also has conflicts with local end users when a) they think the response is too late, b) they ignore suggestion and assistance of IT manager, c) they install unauthorized programs and raise trouble, and d) they have wrong information on source of problem.

Conclusion

From the case study, we found that participation of local IT manager is strongly affected by headquarters' strategy. Under the standardized strategy, active participation of local IT manager would increase the conflict with headquarter whereas it decreases the conflicts with local end users. Cultural difference increases the conflict with headquarter and affect the level of adoption of the strategy. However, media richness has restrictive effect on decreasing conflict with headquarter and cultural difference.

The major limitations of this study stems from the sample size. We only adapt one case and it is very limited in providing in-depth understanding on a phenomenon. The findings cannot be applied into other companies and be generalized because each company has different or unique environment affecting conflicts. Also the findings do not provide comprehensive view on research topic because of a limited study.

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