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Barriers in achieving business/IT alignment in a large Swedish company: What we have learned?

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ABSTRACT

There are still many organizations that face difficulties in achieving business/IT alignment. Prior research has focused on the positive impact of alignment on overall business performance, while the barriers in achieving business/IT alignment were largely unexplored, especially in regards to the social dimension that refers to the people involved in alignment. Therefore this research is focusing on identifying and investigating the barriers that inhibit achieving social dimension of business/IT alignment in large organizations. A case study is conducted in one of the largest Swedish companies. The data is collected through seven semi-structured interviews, field-notes and the use of company's documents that were thematically analyzed. The research presents a unique case of 19 business/IT alignment barriers of social dimension that have been limited so far and which contribute to the business/IT alignment field. The main findings showed that low understanding of counterpart's environment; poor communication; unclear specifications; limited cooperation and lack of mutual commitment and support inhibits the achievement of alignment between business and IT domains on the social dimension. The results could support the researchers to further elaborate frameworks on how to mitigate social barriers in order to achieve a better business/IT alignment. Besides, the discussed barriers can be of practical use for other organizations trying to achieve business/IT alignment with a focus on the social dimension.

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1. Introduction

Rapid and revolutionary changes in information technology (IT) have changed the way the companies are doing business. Today in many organizations IT is playing a strategic role and has become more important than it was before for the business strategy. Moreover aligning IT with business strategy is a major concern for many IT leaders. In fact Business/IT alignment (BITA) has drawn researchers' attention since the mid'70 (McLean & Soden, 1977) and it is one of the three main research directions in information systems literature (Tanriverdi, Rai, & Venkatraman, 2010). Besides, it is continuously ranked among the top three challenges of CIOs since 1994 (Kappelman, McLean, Luftman, & Johnson, 2013; Luftman & Ben-Zvi, 2011; Luftman & Kempaiah, 2007). For over twenty years companies have been striving to solve this gap and apply different frameworks to achieve a high level of business/IT alignment. These results indicate there are still some factors that hamper the business/IT alignment. The research literature has suggested that one way to improve business/IT alignment is to identify

what managerial practices inhibit it (Luftman & Brier, 1999). But most of research studies have focused on strategic, intellectual, structural, functional dimensions of alignment and the corresponding factors. The concern of social dimension of alignment that relates to the actors involved in achieving alignment has captured less attention of IT management researchers even though developing organizational understanding and commitment could be more challenging than actual formulation and implementation of IT and business plans (Reich & Benbasat, 2000). Among the first ones who to point out the importance of investigating social dimension in business/IT alignment are Reich and Benbasat (2000) that has help us to understand the complexity of business/IT alignment since achieving the intellectual dimension of alignment is often hindered by poor alignment between people. Very often the issues between business and IT departments are found on the social side. Different barriers related to weak business/IT relationship, poor communication, limited knowledge of each other's domain, lack of leadership and culture could impede achieving alignment. Although the role of social dimension was mentioned in other researches on general level, findings about challenges that inhibit the relations between people involved in business/IT alignment have been limited so far. Considering "the success of any organization has been increasingly dependent on the people who work for the organization" the

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alignment on social dimension is crucial for achieving overall strategic business/IT alignment (Lee, Kim, Paulson, & Park, 2008: 1169). Many researchers and practitioners understand that lack of alignment between business and IT strategies are one of the main reasons why enterprises fail to exploit the full potential of IT investments. Nonetheless, companies pay more attention to strategic and structural IT alignment as they have direct influences on business performance and apply Luftman's model (2000). Relatively few researchers focused on social dimension of alignment which involves the "relationships and cognitive linkages" between business and IT like relationships, communication, mutual understanding, trust, and respect, cultural issues and informal structures (Schlosser, Wagner, & Coltmann, 2012:5056). It relates to the human behavior that is socially organized among different actors (Schlosser et al., 2012). Therefore this research has focused particularly on social dimension of business/IT alignment that was under-represented in the research literature and is less understood. The research question in this study is looking to "What are the barriers that inhibit achieving social dimension of business/IT alignment in large companies?" For identifying these barriers we have developed a theoretical framework of social dimension of alignment based on Reich and Benbasat (2000) model that was applied in this study. Namely this model was chosen as it focuses particularly on the social side of alignment and it has been empirically validated unlike other recent models that just mentioned some aspects of social alignment and/or have not been empirically investigated.

2. Literature review

2.1. Challenges in achieving business/IT alignment

Prior to empirical research an extensive literature review was conducted. According to Creswell (2012:81) the following steps should be carried out in a literature review: (1) identify the key terms, (2) locate the literature about the topic, (3) evaluate and select the literature, (4) organize the literature and (5) summarize the literature review. Accordingly, different journals in the area of information systems were reviewed using databases as EBSCO, ACM, IEEE Xplore, Science Direct, Pro Ques. The articles were selected based on key words "strategic alignment", "business/IT alignment", "factors and challenges of alignment", "social dimension", "people alignment". These have been reviewed in order to develop an overview of previous academic research on business/IT alignment. The need for alignment between business and IT domains has been identified by many researchers and practitioners as being of major concern to most organizations today. As a result, there have been quite a number of studies that have mostly covered the meaning of alignment, its dimensions, models or frameworks that can be used to achieve desired levels of alignment and support its practice. Therefore the list of articles was limited to those that deal with business/IT alignment models that include insights into social dimension and main challenges encountered in this process. The main results were summarized to identify further the theoretical framework that would guide the research and barriers of social dimension of alignment already found in literature that would be analyzed in the study. In Table 1, we have presented the empirical studies that have investigated the factors that are influencing business/IT alignment among which the social aspects could be identified. The research studies presented in Table 1 serves as a scientific basis to get a deeper knowledge and a better understanding of the concept of business/IT alignment and the social dimension as well as in order to explain the theoretical framework this research is based on.

As it can be seen from Table 1, similar factors can be found in most of researches regardless of the terminology the different

authors have used to refer to them. Most of these factors are related more or less to the people involved in the creation and sustaining alignment without mentioning they belong to the social dimension. Feeny, Edwards, and Simpson (1992) in their study concluded that communication between business organization staff inside and outside the organization and relationship between CEOs and CIOs are the main factors that influence business/IT alignment. Accordingly, one of the prerequisite is a strong *relationship between CEO and CIO*. Development of a positive collaboration between business and IT people across the organization is essential to achieve a high level alignment. Besides, *communication* between business organization staff inside and outside the organization is another factor that enhances alignment. In this line of thoughts, Sabherwal and Kirs (1994) examined in a survey study on 244 large academic institutions the effects of three antecedent factors: (1) *environmental uncertainty*, (2) *organizational integration* and (3) *IT management sophistication*. Similarly, Teo and Ang (1999) conducted an empirical study in 169 firms on the relative importance of various CSFs that affect the integration of business and IT strategic plans. They have identified 18 CSFs for strategic alignment where the top three CSFs are related to the social dimension of alignment: the top management commitment to the strategic use of IT, IS management knowledge about business, top management's knowledge about IS and top management confidence in the IS department. An extensive research in this area that focused specifically on enablers and inhibitors of alignment was conducted by Luftman and Brier (1999) during almost five years. Surveying 500 firms from different 15 industries on factors affecting business/IT alignment, they have identified the following main inhibitors of business/IT alignment: (1) *IT/business lack close relationship*, (2) *IT does not prioritize well*, (3) *IT fails to meet its commitments*, (4) *IT does not understand business*, (5) *Senior executives do not support IT* and (6) *IT management lacks leadership*.

Even though their research was not intended to identify the factors that influence the social dimension of alignment, all the above factors are related to the mutual understanding and connection between business and IT sides that is the social dimension. Besides these there are three other social factors identified in their study as IT fails to meet strategic goals, IT does not communicate well and resistance from senior executives. As noticed in the list above the most inhibitors are related to IT activities. The most often repeated inhibitor was the *lack of close working relationship* that stems from the fact the IT executives do not engage in company's strategy formulation. Too often the IT was blamed for its *inability to meet its commitments* in terms of meeting dead-lines or budgets. In most cases it happens because IT is overwhelmed with a lot of workload and not technical issues. There is no managerial relationship between business and IT to monitor the execution of IT projects. When the IT executives are not business literate they are *not able to understand business*, hence leading to negative effects on company. Consequently, business and IT executives shall focus on improving their relationships, cooperate and participate in strategy development, exert support, and prioritizing projects effectively (Luftman & Brier, 1999). Luftman and Brier (1999:3) pointed out that "achieving alignment demands focusing on maximizing the enablers and minimizing the inhibitors". The critical point is to do the "right thing" (effectiveness) in a "right way" (efficiency) (Luftman & Brier, 1999:3). According to them the problem is not properly addressing all of the issues on the inhibitor list, missing to solve one inhibitor the company fails to solve the entire problem. Reich and Benbasat (2000) were the first who explicitly categorized the business/IT alignment into social and intellectual dimension. Despite the duality of business/IT alignment they initiated research only for social dimension that got less attention in literature. The authors identified in their study four main factors that influence the social dimension of business/IT alignment: (1)

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