



# IT benefits management in financial institutions: Practices and barriers

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## Abstract

The adoption of Benefits Management (BM) is important to ensure that information technology (IT) projects add value to the organization; however, the literature still lacks empirical evidence about how organizations are adopting IT BM. The aim of this study is to further investigate how IT BM is adopted in Brazilian financial institutions. A multiple case study approach was implemented at four leading financial institutions in Brazil by means of interviews, document analysis and a survey of 186 IT professionals. The study identified six practices affecting the adoption of IT BM (bonuses are linked to benefits, PMO is responsible for developing an organisational BM process, Net Present Value is used for selecting projects, goals are set before approval, executive committee approves projects, benefits are measured after deployments) and seven barriers to its adoption (difficulty adopting BM in agile projects, benefits are difficult to quantify, process is slow and bureaucratic, controlling costs/benefits are non-mandatory activities, lack of knowledge of BM, difficulty using techniques, resistance to new controls), some of which are newly identified. Finally, an action plan to resolve these issues is presented.

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## 1. Introduction

In Brazil, as in the rest of the world, the financial service industry (FSI) is one of the largest investors in information technology (IT), responsible for 13% of Brazil's total investments in IT (Deloitte, 2016; Meirelles, 2016). Thus, technology is a major risk component that demands significant attention from the agencies that regulate the FSI, such as the Central Bank of Brazil (BACEN), which uses the CobiT framework to audit IT processes and requires the adoption of benefits management (BM) to ensure the successful benefits realization of IT projects

(Fernandes and Abreu, 2014; ISACA, 2013; Sun et al., 2013; Terlizzi et al., 2016).

The successful benefits realization of an IT project is strongly associated with organizational performance (Chih and Zwikael, 2015), and this subject has received increasing attention in recent years as a distinct area of academic study (Hesselmann and Mohan, 2014). However, this discipline is still in its infancy; only a small number of models and tools have been produced (Doherty, 2014; Doherty et al., 2012), and they are not used consistently across different industries (Espinoza, 2014). Therefore, justifying, proving and monitoring these benefits has become one of the great challenges of IT management (Coombs, 2015).

Organizations can derive more benefits from IT projects when benefits are stipulated up front and are managed throughout the project's life cycle (Albertin and Sanchez, 2008; Aron and Smith, 2011; Marnewick, 2016; PMI, 2013). Nevertheless, the literature still lacks empirical evidence of the value of

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adopting IT BM (Badewi, 2016). Four recent literature reviews considered the papers available from journal articles and conference proceedings since 1981 and highlighted the extent to which the concept of benefits management within IT projects has been neglected and remains immature (Breese et al., 2015; Coombs et al., 2013; Hesselmann and Mohan, 2014; Laursen and Svejvig, 2016).

Project management theoreticians recognize that different versions of project management are required in different circumstances, depending on the country, sector and size of the organization. Thus, it is important to expand this research field in order to accumulate studies from different industries around the world (Love et al., 2005; Turner and Ledwith, 2016). So far, few studies have attempted to analyze how BM is adopted in the FSI. This study aims to address this gap and expand the research field by attempting to answer the following question:

How is IT Benefits Management adopted in Brazilian financial institutions?

To address this question, case studies were conducted in four of Brazil's major financial institutions. We used interviews, document analysis and a survey of 186 IT professionals. The resource-based view (RBV) theory combined with the BM adoption framework of analysis by Hesselmann and Mohan (2014) were used as a theoretical lens through which to analyze theoretical implications. As a result, this study identified six main practices adopted in IT BM and seven barriers that prevent its proper adoption, some of which are newly identified. Finally, an action plan to address these issues is presented.

This study proceeds by reviewing the related literature, followed by methodology, results and discussion sections. It finishes with conclusions and a discussion of the theoretical and practical implications of the findings. The relevant high-level interview questions and questionnaire are provided in the Appendix.

## 2. Literature review

To ground our study in extant BM theories, in this section we present the following topics: (1) important concepts about BM and the evolution of the literature; (2) the diversity of models developed by researchers and institutes for managing benefits and some established practices used worldwide; (3) BM in the FSI context, including some peculiarities of the Brazilian legislation involved; and (4) the importance of the adoption of BM, as well as its barriers and the framework of analysis that was used as a specific theoretical lens in this study.

### 2.1. Benefits management

BM is a discipline that manages concepts that function in parallel to project management. It aims to deliver a project's benefits and is defined as “the process of organizing and managing such that potential benefits arising from the use of IT

are actually realized” (Ward et al., 1996, p. 1). Project benefits are “the flows of value that arise from the achievement of a project's outcomes” (Zwikael and Smyrk, 2012, p. 7) and to ensure that an IT project adds value to the organization (financial, quality, flexibility, innovation, etc.), its benefits and investments must be properly defined and their performance monitored throughout the project's life cycle (Albertin and Sanchez, 2008; Aron and Smith, 2011; Marnewick, 2016; PMI, 2013).

Studies about models that help make decisions on the right projects for the organization based on its costs/benefits emerged in 1981 (Laursen and Svejvig, 2016; Silverman, 1981) and the term “benefits management” in the IT context was introduced in the late 1990s (Farbey et al., 1993). It emerged from concerns about the low achievement of IT investment expectations. Although BM is still a very new discipline, a plethora of terms have been used to describe it in the literature, including “benefits realization”, “realizing benefits”, “value management”, “value realization”, and others (Hesselmann and Mohan, 2014).

Research on BM began in the mid-1990s with the study of academics in the UK. One of these studies, which was related to benefits management practices in UK industries, was conducted at the Cranfield School of Management and has generated a BM process model called the “Cranfield Method” (Breese et al., 2015). This method is still in use by over 100 organizations in the UK, Europe and the USA and has been widely cited (Hesselmann and Mohan, 2014; Ward and Daniel, 2012). The BM discipline is still evolving and, to aid comprehension of this area of study, Breese et al. (2015) used the Translation Theory as an approach to analyzing the development of BM over the last 25 years. Their study has identified four different stages:

Stage 1 (1990s). The scholars who worked during this stage are called benefits management pioneers. This stage was characterized by consultancy and training that aimed to address the failure of IT-enabled business change programs and to set the tone for future BM development and uptake.

Stage 2 (late 1990s–mid 2000s). This stage witnessed the early consolidation of BM into project management and IT guidance. Written guidance was produced by government agencies in those countries where BM had been pioneered, incorporating BM into policies and procedures for large parts of the public sector. There was also interest in BM from project management associations that were already recommending several activities associated with BM as part of the program and portfolio management process.

Stage 3 (mid to late 2000s). During this stage, a network for best practice and maturity models was developed. This stage was also characterized by the widening of the networks associated with BM, creation of models to assess the capability and maturity of BM in organizations, development of Specific Interest Groups to develop and promote BM and the use of social media for collaboration.

Stage 4 (2010s). This stage has brought about specialist accreditation in benefits management; it is characterized by the development of qualifications in BM specifically and the

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