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## Factors Hindering Business-IT Alignment in the Banking Sector of a Developing Country

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### Abstract

For more than a decade Business-IT alignment (BITA) has been constantly ranked among the top-ten management issues for IT leaders. Many organizations value the advantages obtained when they are able to align their business and IT strategies. Although considerable models and frameworks have been developed to support organizations in their quest of achieving and sustaining BITA, still many of them face challenges because of some influential factors. While factors influencing BITA in organizations have been widely studied, the barriers in achieving BITA in the banking sector of a developing country remain largely unexplored. In this study we aim at exploring the factors that hinder BITA in the banking sector of a developing country. A case study research was conducted in four commercial banks in Burkina Faso with branches in more than ten other African countries. The data was collected through semi-structured interviews and also from internal documents and has been thematically analyzed. The main findings in this study shows that the delay in task execution, the lack of time to acquire new knowledge, the insufficiency of cross-sectional trainings, the dependency on telecom operators, the heavy workload of banking staff and the reluctance to hire more personnel considerably hinder BITA within the banks in Burkina Faso as a developing country. The results contribute to research in BITA and the limited knowledge about the factors hindering BITA in the banking sector of a developing country. Moreover the results of this research can help IT and business practitioners to further elaborate organizational skills training programs necessary for banks to improve their personnel's performance throughout their journey towards BITA.

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## 1. Introduction

The findings of the annual survey of Society for Information Management on IT issues and trends that was done in 2015 by Kappelman et al. [1] in 785 responding organizations has ranked business-IT alignment as the first one in the top-ten most important IT management issues for IT leaders in organizations. In fact between the years 2005 till 2015 business IT alignment was ranked as the first most important IT management issue (with only a few exceptions in 2007, 2009 and 2012 when was ranked on the second place and in 2010 on the third place)[1]. According to Luftman [2, p.69] “*Business-IT alignment refers to applying Information Technology in an appropriate and timely way, in harmony with business strategies, goals and needs*”. In opinion of Colton et al. [3, p. 94] there is still “*a continuing need for researchers to adapt and extend our knowledge of what it means for IT to be aligned with business*”. As we have noticed business-IT alignment has been recognized to be critical for firms that are desiring to build strategic competitive advantage, increase their visibility, efficiency and have high profitability [4][5]. In order to streamline their organizations’ activities, business and IT executives need to develop better collaboration abilities, taking full advantage of their information systems and ensuring that resources invested in IT systems are based on business strategic objectives. When business and IT are perfectly aligned, firms are able to perform at a high level due to the close cooperation between business and IT departments and their mutual understanding. According to Leonard and Seddon [6] business-IT alignment is important due to the strategic benefits that can be brought to organizations and the fact that IT managers consider business-IT alignment as a key issue for their organizations. In summary, business-IT alignment is important for organizations because it leads to a more focused and strategic use of IT which in turn leads to productivity and also in adding value to the firm by increasing its performance [7].

## 2. Business-IT alignment in the banking sector

In the banking sector, firms that are able to holistically leverage the power of information technology, coordinate their business and IT strategies, develop and acquire system-based applications aligned with their business needs will have higher chances to remain competitive, retain and attract new customers [8]. With an ever increasing competition, it is crucial for financial organizations to justify their heavy IT investments by coordinating their IT strategies with organization processes and business strategies in order to stay ahead in the highly competitive financial market. Banks are constantly improving their ways of organizing their business processes, in order to provide new value propositions to customers. Those aiming at ensuring that investments target projects and activities capable of improving their competitiveness must align their business and IT not only at the strategic level, but also at the operational and tactical levels. Most banks constantly readjust their strategies in order to survive. They struggle to stay up to date with innovative technologies, change their business strategies by going through mergers and acquisitions, developing new projects based on their IT capabilities, and adjusting to regulatory changes. In order to successfully compete in the dynamic environment, banks, like other organizations have to develop information systems capable of supporting business strategies and processes [9]. This means that those that successfully align their IT and business strategies will outperform those that do not.

In the banking sector just as many other businesses, alignment between business and IT occurs when respective strategies are interwoven in such a way that the right things are done, and things are done right meaning that in order to deliver greater value to an organization, alignment must be a two-way relationship, a give and take between IT and business [10], IT has been instrumental in improving communication and connectivity across all segments of the banking sector as well as in enhancing the quality, efficiency and speed of delivery of financial services [11]. The journey towards alignment begins when business and IT realize that they have common goals, defined by the core purpose of the bank that they serve. In a supportive and co-operative environment, Information Technology can contribute valuable ideas on how to solve a business problem and business can include IT in technology investments decisions. The balance of power and responsibility between business and IT must be done in such a way that IT recognizes business importance when developing or purchasing new systems. Similarly, business must also recognize that it is not best placed to take technology-related decisions on its own without including IT. Alignment

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