The Social Antecedents of Business/IT Alignment: Reviewing the Role of Social Network Structure in Alignment Research

Katja Walentowitz, University of Bamberg, Germany
Daniel Beimborn, University of Bamberg, Germany

ABSTRACT

Business/IT alignment is a major source of business value generated from IT and social structures at the interface between a firm’s business and IT units are of vital importance to business/IT alignment. Yet, there is a substantial gap in understanding the nature of these social structures. Based on a literature review comprising all related articles published in the AIS Senior Scholars’ Basket journals between January 2000 and August 2011, this paper identifies antecedents of alignment related to social network structure. These are translated into formal SNA concepts. The identification and formalization of social network structures allow IT governance to implement social engineering mechanisms influencing the social network structure, thus improving business/IT alignment and IT value. Examples for such translated arguments are high degree centrality of CIOs vis-à-vis other executives and strong ties in terms of cross-domain knowledge between CIOs and other executives. Finally, important avenues for future research are highlighted.

Keywords: Business/IT Alignment, IT Governance, Literature Review, Social Network Analysis (SNA), Social Structures

INTRODUCTION

There is consensus in academia and industry that alignment between a firm’s IT and business functions is essential to create business value from IT (Luftman & Ben-Zvi, 2010; Reich & Benbasat, 2000) and it is one of the primary goals of IT governance to improve and maintain this critical value driver.

Literature has highlighted the importance of social relationship structures between business and IT for alignment: these complex social structures are seen as important antecedents of alignment (Chan, 2002) and as IS resources that might offer a sustainable competitive advantage (Wade & Hulland, 2004). As this literature strand is quite young, though, little is known about the precise nature of these structures. However, we assume that the existing literature offers valuable implicit insights into the structure of the business/IT relationship that warrant a closer investigation. In order to structure these
arguments, we draw on social network analysis (SNA), a powerful perspective that offers formalized measures to describe structure and to make different patterns comparable (Wasserman & Faust, 2007). Hence, our research question is: Which antecedents of alignment are discussed in the alignment literature that are explicitly or implicitly based on social structures and how can they be translated to SNA measures?

In order to answer this question, we reviewed alignment-related articles published in the eight journals of the extended AIS Senior Scholars’ Basket between January 2000 and August 2011 (AISnet.org, 2011).

In the following, we describe the research background and literature review approach to then disclose emerging patterns of social structure. Finally, implications, limitations and promising future research directions are discussed.

BACKGROUND

Carr (2003, p. 49) cites a senior executive saying “most companies spend too much [on IT] and get very little in return.” According to alignment research, this situation can be (partly) mitigated by the help of business/IT alignment (Henderson & Venkatraman, 1993) because it enables firms to invest in the right IT according to their business strategy and to make proper use of it. Thus, business/IT alignment is of vital importance for IT value creation, and lack of it destroys IT investment returns.

The Strategic Alignment Model (SAM) by Henderson and Venkatraman (1993) is a widely accepted model of business/IT alignment (Chan & Reich, 2007). It claims that business and IT strategy and structure need to be multivariately aligned. It describes six dimensions of alignment: the alignment of (1) business strategy and business structure, (2) IT strategy and IT structure, (3) business and IT strategy, (4) business and IT infrastructure and processes, and finally two cross-domain perspectives: (5) the alignment of business strategy and IT structure, and (6) of IT strategy and business structure.

Several extensions have been made to the SAM. For example, the Generic Framework for Information Management adds new aspects to the SAM: A middle layer between business and IT describes communication and information that highlights the importance of information sharing rather than provision between them. Further, the structural level is separated into structure and operations in order to highlight the strategic importance of structure (Maes, 1999).

The Alignment Maturity Model of Luftman (2000) measures alignment along six criteria: communications, competency and value measurement, governance, partnership, scope and architecture as well as skills. Avison, Jones, Powell, and Wilson (2004) propose a framework to determine, monitor and change a company’s alignment level based on an examination of its project portfolio. Similarly, several new definitions of alignment have emerged since the publication of the SAM. A recent review of the alignment literature by Chan and Reich (2007) distinguishes three principal dimensions of alignment.

Strategic alignment is “the degree to which the IT mission, objectives, and plans support and are supported by the business mission, objectives, and plans” (Reich & Benbasat, 1996, p. 56). Reich and Benbasat (1996) distinguish intellectual and social strategic alignment: The first describes the existence of interrelated plans while the latter refers to mutual commitment of business and IT executives to these plans.

An organization is structurally aligned when structures like reporting relationships support the business strategy (Chan & Reich, 2007). Besides this formal aspect of structural alignment the informal structure, i.e., “the relationship-based structures that transcend the formal division of labor and coordination of tasks” (Chan, 2002, p. 107) is of even greater importance.

Cultural alignment is concerned with implementing a culture that supports alignment, e.g., a compatible communication style of business and IT (Chan & Reich, 2007).

As can be seen from this short description, all three dimensions highlight aspects of social
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