Business Intelligence Practices: Adding Evidence from Organizations in the Nordic Countries

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ABSTRACT

There is considerable interest in Business Intelligence (BI) from many perspectives, but little research describing design and use of BI in real companies is available (Granlund, 2011; Jourdan, Rainer & Marshall, 2008). The aim of this article is to add empirical evidence to the knowledge of BI practices, addressing calls for research. BI practices are reported from 193 large Nordic organizations with the aim to give a broad perspective. Nordic organizations are seen as early movers in the adoption of technology (Beise, 2004) and receptive to adopt innovations (Waarts & Van Everdingen, 2005). However, the picture this paper arrives at is that Nordic organizations design and use of BI solutions is fairly traditional, with a major focus on reporting and analysis that contain financial information. There are signs of “beyond traditional use” of BI, but more field based research is needed to better understand BI in practice.

Keywords: BI Competence Center (BICC), BI Practices, Business Intelligence (BI), Nordic Organizations, Practice, Survey

INTRODUCTION AND RESEARCH RATIONALE

We have seen several articles on the impact of Enterprise Resource Planning systems (ERPS) on management accounting and management accountants (e.g., Dechow & Mouritsen, 2005; Granlund & Malmi, 2002; Quattrone & Hopper, 2005). The accumulated knowledge is quite mixed and to continue this research agenda in order to give useful knowledge to management accounting and control is doubtful (Granlund, 2011). This and the scarcity of research on the connection between information systems and management accounting and control, along with limitations of existing research, has led several authors to call for further studies into the area of management accounting and control and Information Systems (IS) other than ERPS (e.g., Granlund, 2011; Rom & Rohde, 2006; Rom & Rohde, 2007).

Rom and Rohde (2007) indicate that the current literature to a large extent focuses on ERP technology and management accounting issues and that limited knowledge is available on other components of integrated information systems, such as analysis oriented information systems. Granlund (2011) concludes, from a review on how to extend accounting information systems research into management accounting and control, that there is a potential for research of business intelligence (BI) solutions and their

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impact on decision making and control. But, he claims that the academic community has limited understanding of these developments and calls for, among other calls, studies of the technology as such.

Jourdan, Rainer, and Marshall (2008) researched the Information Systems literature to review BI research activities and found 167 articles that related to BI. Their conclusion is that the level of research activity has increased during a 10 year-period (1997-2006) and that focus has been on exploratory research methodologies. They call for a wide variety of research strategies and especially point at the underrepresentation of survey studies. Their belief is that additional survey research may bring value to the BI research field.

In the business environment we find that increasing complexity, globalisation, shortening product life cycles and the need for cross-functional organizing are some major reasons for companies to increase their use of integrated information systems (e.g., Rom & Rohde, 2007). Furthermore, advances in information technology drive change in the collection, measurement, analysis and communication of information within and between organizations (Burns & Vaivio, 2001). Brignall and Ballantine (2004) base their call for Strategic Enterprise Management research on the fact that vendors of ERP systems claim they provide integrated solutions for planning, executing, and controlling business processes horizontally across the value chain. Granlund and Malmi (2002, p. 315) suggest that introduction of so-called SEM modules may provoke companies to adopt methods that they have not used earlier.

If we look at the “supply side” (Ax & Bjornenak, 2005) of BI we find that the large vendors, SAP, Oracle, IBM and Microsoft are, by Gartner Group (Sallam, Richardson, Hagerty, & Hostman, 2010) defined as, leaders in the delivery of BI solutions. These solutions address business issues by inclusion of capabilities for decision making and performance management in integrated information systems. Business Intelligence is now commonly encompassing all components of an integrated management sup-

port infrastructure and consists of a data layer, logic layer and an access layer where information is presented in an integrated way (Baars & Kemper, 2008, p. 132). In the supply side marketing of BI we find strong rhetoric, backed up by using “branded” academics (Vaivio, 2007) as writers of white papers, including promises from BI vendors and consulting firms, as well as analyst firms, claiming that using (their) BI solutions will improve company performance and, especially, improve their strategy execution process and, thus, make strategy everyone’s job as phrased by many academics (e.g., Kaplan & Norton, 2008).

The market for BI solutions is huge and there is no sign that the recent financial crisis has diminished the importance of BI. Evelson (2010) writes that the overall software market decreased by 8% in 2009, while the BI market grow was 15%. This is also evident in the Gartner annual survey of approximately 1600 CIOs worldwide that for five years in a row indicate that CIOs rank BI as a top technology priority (Bitterer, 2010). According to the major analyst firms, e.g., Gartner Group, Aberdeen Group and IDC, the world market spending on BI is around 10 billions of dollars, with a growth rate of 10% in 2011. Another measure of the big interest is that a Google search for the term Business Intelligence will return approximately 25.5 million hits.

It is safe to conclude that there is considerable interest in BI from many perspectives, but that we actually don’t have that much research describing the design and use of BI in real world companies. The aim of this article is to add empirical evidence to the knowledge of BI practices, partially addressing some of the calls for research in the area (e.g., Granlund, 2011; Jourdan et al., 2008). BI practices will be reported from 193 organizations operating in the Nordic countries and the author aims to give a broad perspective of BI practices. BI solutions are seen as management control system (MCS) innovation that leverages the use of enterprises systems databases and provide strong analytic capabilities and extended support for planning and control (Elbashir, Collier & Sutton, 2011).
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