Chapter 20

Effects of Business Managers’ Skills:
A Study of ERP Strategic Alignment in Some Arab SMEs

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ABSTRACT

In this chapter, the authors introduce the key ideas related to strategic alignment and ICT in SMEs. They present the ERP strategic alignment in SMEs as an important investment but more problematic, discussing the challenges of ERP systems implementation in Arab SMEs by introducing the main studies conducted in the area. This literature review helps to understand the main enablers of ERP strategic alignment in this context. The intent of the chapter is to provide readers with a theoretical framework linking business managers’ skills and interaction between business managers and IS managers to ERP strategic alignment as main chosen variables. This framework was tested in previous research conducted in Tunisian context and retested for this study in a Saudi context. Within this context, the authors hope the chapter can be helpful for researchers in ERP strategic alignment, mainly for students and professors in their academic activities.

INTRODUCTION

Enterprise Resources Planning is a software package that is composed of standard modules connected directly to a single database and could cover all business processes of a firm. This software began to be largely adopted by both small and big firms since the 90’s because it is developed basing on “management best practices.” The most well-known editors in the world are SAP, Oracle and Microsoft Dynamics (Panorama Consulting, 2013).
Implementing an ERP is considered as a strategic investment due to the big costs and organizational impacts of this system: “Over the past four years of Panorama’s independent ERP research, the average cost of implementations has been $7.3 million dollars and the average duration has been 16.6 months” (Panorama Consulting, 2013). However, many firms could not benefit from their ERP systems because they did not pay attention to strategic alignment aspects during ERP implementation (Yaseen, 2009).

Since the development of Strategic Alignment Model (SAM) by Henderson and Venkatraman (1993), the concept of strategic alignment has continued to attract the attention of researchers in the Information and Communication Technologies (ICT) field. However, while several studies have addressed the impact of alignment on performance, the question that still arouses the interest of researchers lies in the study of factors that contribute to this alignment (Chao and Chandra, 2012). Moreover, according to Chan, Sabherwal and Thatcher (2006), few empirical researches focused on the determinants of alignment.

This can be noted mostly in the case of Small and Medium-sized Enterprises (SMEs): “While the positive impact of strategic alignment has been studied relatively extensively in the large firm context, the topic has not been the subject of extensive study in small firms” (Chao and Chandra, 2012).

Indeed, SMEs face some problems related to having a real Information Systems (IS) department and focusing on ICT strategic alignment (Gutierrez, Orozco, and Serrano, 2009). This situation seems to be the same in Arab SMEs, if we know the multiple problems associated with the lack of appropriate infrastructure and investment on ICT in the Arab world (ITU, 2012).

Here, although some research works were conducted to study ICT strategic alignment in Arab firms, only a few studies were concerned with the enablers of such alignment, especially in SMEs (Mezghani, 2011).

Thus, in this chapter, the authors try to study ERP strategic alignment in some Arab SMEs from the enablers’ perspective. To present more significant results from the Arab context, the authors chose to base their work on a study conducted by Mezghani (2011) within Tunisian SMEs. Indeed, the authors present an extended research by testing the research model developed by Mezghani (2011) in Saudi SMEs.

This model presents enablers of ERP strategic alignment. This should be interesting since ERP implementation presents many challenges for SMEs, especially in alignment aspects, and since ERP systems continue to attract many Arab firms thanks to their strategic and organizational benefits.

The enablers presented are linked to business managers’ skills, which seems to be innovative since previous researches focused on IS managers’ skills as key factors in the alignment process.

Before presenting their study within Saudi SMEs, the authors give an ample review of ICT strategic alignment and its link with ERP projects in SMEs in general, and then in Arab ones, in particular.

**ICT STRATEGIC ALIGNMENT IN SMEs**

Many researches were conducted to study the importance of ICT strategic alignment for firms. Because we focus on factors (skills) that influence alignment, we present the main studies that focused on the enablers of alignment, especially in SMEs context.

One of the most famous studies is that of Reich and Benbasat (2000). These researchers proposed a model that presents the enablers of ICT strategic alignment, based on what they call the “social dimension” of alignment. This dimension is related to the interactions between business managers and IT managers as the main drivers of alignment. These interactions can be furthered