Chapter 5

Aligning Information Systems and Technology with Benefit Management and Balanced Scorecard

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ABSTRACT

Investments in Information Systems and Technology (IS/IT) have not always generated the business value or the financial revenue that should be expected. Some authors argue that the result of those studies that related investments in IS/IT to increased organisational performance over the last thirty years were far from true. Others say that the amount spent on IS/IT and business success has no direct connection. The relationship between IS/IT and performance is widely discussed, but is little understood. Organizations today need to deliver more complex products and demanding services in a better, faster, and cheaper way. The challenges that companies address today require enterprise-wide solutions that call for an integrated approach and the effective management of organizational resources in order to achieve business objectives. Benefits Management (BM) approach proposes a continuous mapping of the benefits of IS/IT investments, implementing and monitoring intermediate results. Balanced Scorecard (BSC) is an innovative approach that considers the financial and
non-financial perspectives in determining the performance level of an organization. Not only does it represent a measurement tool, but it is also a multi-dimensional system of performance management which focuses on the alignment of all business initiatives with the strategy. In this paper, the authors propose a link between these two approaches to improve the management of business benefits and to ensure that actions taken along the investment life-cycle lead to foreseen benefits realization. The goal of this integration is to propose a framework that combines the “best of” the both methods. A key issue of this combination lies in the fact that all involved stakeholders must understand more clearly what is required, what is realistically expected, and what is possible to achieve from these investments.

1. INTRODUCTION

Since the 1980s, IS/IT has positioned itself as a strategic tool, which, through agility and innovative ways of conducting business can produce superior performance (McFarland, 1984; Farbey et al., 1993; Porter, 2001). As a result, the relationship between investments in IS/IT and improved organizational performance has been the subject of many studies (Melville et al., 2004). The issue remains controversial, as evidenced by articles in major journals and business magazines (Ashurst & Doherty, 2003; Carr, 2003; Doherty, Ashurst & Peppard, 2012; Farrell, 2003, Serra & Kunc, 2015; Ward & Daniel, 2006). The difficulties in implementing IS/IT solutions, as well as in assessing their performance, have been acknowledged in academic literature (Ashurst & Doherty, 2003; Doherty, Ashurst, & Peppard, 2012; Lueg & Lu, 2012, 2013; Martinsons et al, 1999; Serra & Kunc, 2015; Ward & Daniel, 2006).

At present, firms compete in a complex and challenging context that is being transformed by many factors, ranging from globalization to frequent and uncertain changes in the growing use of information technologies (DeNisi, Hitt, & Jackson, 2003). In order to survive and thrive in this competitive business environment, every business needs to possess a certain level of strategic capability. In response to these new business constrains, as they become better, faster and cheaper, successful organizations have developed three broad strategies (Gomes & Romão, 2013a):

- Hired, trained and empowered employees to use information skills, in order that the organization will become more knowledgeable and responsive to pressures for change;
- Collaborate more fully with key stakeholders, particularly customers, suppliers, and employees, to design more effective and efficient process;
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