Executive involvement in the management, adoption, and assessment of information systems (IS) activities has been rigorously examined as a key factor in IS performance. Logic dictates that a more involved executive generates better IS performance. Further, theory indicates that organizational positioning of the IS department management near the top executive results in a more effective IS department. The relationship between these factors and several dimensions of the IS management process is investigated to compare logical and theoretical expectations with actual practices and results in the information processing area. In a nationwide survey, senior IS managers were asked to indicate the importance to their CEOs of several dimensions of the IS process, the extent to which their CEOs are involved in IS, and how their IS performance compares to that of competitors. Findings indicate that there are a variety of differences between prescriptive theory and actual practice. Although executive activities have a significant impact on several activities associated with the IS management process, executives do not effectively pursue these activities. Moreover, executive support through financial resources appears to promote better competitive IS performance than other modes of executive involvement.

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Throughout the 1970s and into the early 1980s executive involvement in the management of IS was limited by executive understanding of the relationship between IS and organizational planning (Parsons, 1983; Benjamin, et al., 1984; Sullivan, 1985). This appears to hold true even today: almost one-fifth of CEOs do not understand the information technology capabilities in their organizations (Wilder, 1992). As a result, IS applications that are recommended by extensive planning efforts are often ignored, whereas applications not recommended are implemented (Lederer and Sethi, 1991). Many executives are “allowing the technology to
drive decisions, rather than actively managing the technology" (Lucas, 1986). Thus, the gap widens between expectations for the executive role and what executives actually do in managing IS activities.

The apparent lack of contact between senior executives and IS managers does little to narrow this gap. The relationship between an IS manager and the CEO affects the way that the IS manager perceives key issues for the organization (Watson, 1990), however executives and IS professionals have differing views of these issues (Jones and Arnett, 1992). Without a better relationship with IS management, executives cannot effectively communicate their goals for IS, executive contributions are diminished, and synergistic efforts are rarely possible. Because of the importance of this relationship, selected factors that relate to effective leadership are assessed.

Model of Executive Influence

Factors examined in this study are those that affect (1) sources used by executives to scan the environment for IS opportunities; (2) the means by which executives learn to utilize opportunities afforded by IS applications that currently exist within the firm; (3) informal communication between the CEO/President and the IS manager; and (4) the proportion of the operating budget allocated to IS. Variables that impact these factors and the effect of these factors on IS performance are analyzed (Figure 1).

CEO’s activities are examined, but in other cases due to the size of the company, it was more relevant to gather information about the divisional president of the company. However, for purposes of clarity, the senior executive, whether CEO or divisional president, is referred to hereafter as the CEO.

The focus of this study is a framework that ties together the salient pieces of the CEO-IS manager relationship that are often examined in other studies. Although examining the individual pieces provides useful information, this approach ignores the broader environment in which the pieces exist. The purpose of this paper is to provide a preliminary assessment of a framework within which a more comprehensive view of CEO involvement may be assessed.

Executive involvement reflects many styles ranging from complete direct involvement in a majority of activities to little direct involvement in any activity. Henry Ford’s classic statement that he didn’t need to know everything about his organization because he could easily get the information from his staff typifies the latter type, whereas the participative style of executives like SABRE architect Max Hopper leans equally far in the other direction. However, most executive styles do not exist at these extremes: in order to capture a broad range of executive styles, the effects of both direct and indirect executive involvement are examined.

Executive Scanning Mechanisms

One widely accepted responsibility of senior managers is to scan the environment of the organization
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