Engaging in Turbulent Times: Direction Setting for Business and IT Alignment

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ABSTRACT

In 2008, the global financial and economic crisis (GFEC) took many businesses around the world by surprise. After a period of steady growth, companies found themselves suddenly confronted with high levels of uncertainty about the evolution of major economic and social forces. This paper investigates the hypothesis that, during these turbulent times, a number of companies took the opportunity to re-invigorate their business-IT engagement practices. The study was based on 28 interviews with CIOs and CFOs (conducted in 2009) for whom the GFEC has provided a context in which the CIO and the IT department could prove their worth as true business partners beyond mere short-term cost-cutting. In this article, the authors also present a theme-based compilation of key insights that describe the opportunities these executives saw for a more effective engagement between business and IT.

INTRODUCTION

In 2008, the global financial and economic crisis (GFEC) took many businesses around the world by surprise. After a period of steady growth, companies found themselves suddenly confronted with high levels of uncertainty about the evolution of major economic and social forces. In this paper, we investigate the hypothesis that, during these turbulent times, a number of companies took the opportunity to re-invigorate their business-IT engagement practices.

Our study was based on interviews with information technology (IT) and finance executives of 18 highly regarded companies. We used theoretical sampling and semi-structured interviews for the data collection to elicit responses about whether and how these companies revisited their business-IT engagement practices under the influence of the GFEC. We targeted companies that had felt the impact of
the GFEC, yet were recognised by their peers for portraying best practices in managing IT.

The interviewed executives expressed how, at first, they experienced a slight sense of déjà-vu from other periods of economic turbulence and austerity. Much like after the dot-com bust or during the aftermath of the 9/11 attacks at the beginning of the century, the GFEC would mean that a great deal of energy had to be spent on ‘trimming away the fat’ from IT operations and investment budgets. This was not the first time they would have to cut costs, they said, and it would not be the last time for them either.

In this study, however, our interest did not lie in identifying where the executives were able to cut costs out of their IT operations, or that they needed to expand the lifespan of certain information systems (IS) to stretch capital resources. Rather, we aimed to gauge to what degree the pressures of the GFEC had challenged our interviewees to develop more effective engagement practices between business and IT to realise business value under conditions of limited access to additional financial and IT resources.

To make sense of the collected responses, we clustered them along four business-IT engagement themes: (a) serving professionally, (b) looking for benefits, (c) bonding at the top, and (d) engaging respectfully. We shall introduce each of these themes in the first section of this paper. In the second section, we provide a description of the data collection and analysis method. The following sections then go more deeply into each of the four themes and include examples of the responses we received. We conclude the paper with a synthesis of our observations on the hypothesis that the crisis has been a catalyst for revisiting business-IT engagement practices, the study’s contributions and limitations, and a note on future research directions.

**BUSINESS-IT ENGAGEMENT**

At the heart of this paper lies business-IT engagement. This concept was introduced by Fonstad and Robertson (2006) to describe the system of mechanisms that link top and lower-level decision making and create bridges between the business demand and IT supply sides of a company. A focus on business-IT engagement reflects the increased interest in information systems management (ISM) research for studying the practice and process of alignment rather than statically describing a given state of alignment based on the presence of formal mechanisms (Chan, 2002; Chan et al., 2007).

The engagement model used for this research project puts the CIO (or equivalent) at the centre and is built along two sets of expectations that can be cast upon this role (Earl & Feeny, 1995; Chen et al., 2010; Peppard, 2010): demand side leadership vs. supply side leadership, and top management vs. lower-level engagement. These distinctions form the basis of the four engagement themes by which we analysed the answers given by the interviewees. Figure 1 illustrates how the four themes of our engagement model influence the business-IT engagement practices of CIOs.

The association of supply side leadership and demand side leadership with the role of the CIO and IT management in general was introduced by Broadbent and Kitzis (2005). Recently, Chen et al. (2010) further developed these concepts for empirical research. In their work, Chen et al. (2010) connect both concepts with the framework of exploitation and exploration of Levinthal and March (1993) and March (1991). Supply side leadership reflects the role of the CIO to exploit, refine and deepen the existing competences of the IT department. Demand side leadership is associated with the development of new competence bases through search, experimentation, innovation and risk-taking.

While this distinction is valid and valuable as a concept, in our experience the distinction between exploration and exploitation cannot be drawn so easily in practice, and so it remains relatively abstract to many practitioners. In contrast to the model of Chen et al. (2010), for this project we have chosen to more closely...
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