An Organizational Culture Perspective in Business-IT Alignment

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ABSTRACT

Business-IT alignment (BITA) has gained attention during the last decade. As a result, a number of theoretical models that can be applied as supportive tools for assessing different components of BITA have been developed. However, most of these efforts have been produced in different countries and they ignore the factor that’s subjected to change due to cultural contexts. The purpose of this paper is to investigate the impact of organizational culture on achieving BITA and influences its maturity. The research method and process follows the design science research and is done in three phases. First, an in-depth literature survey followed by a survey was carried out to identify and classify limitations of BITA attributes (based on Luftman’s strategic alignment maturity (SAM)) model and then, hypothesize the potential impact of organizational culture element (based on the Smit et al. model) on BITA attributes. Second, an empirical study is carried out to test the hypotheses in order to identify the limited BITA attributes based on organizational culture context. These attributes are further classified for proposing an extended version to the SAM model. Finally, the extended-SAM model is evaluated in 6 Swedish large and medium organizations to test its practicality for comparing its assessment with the assessment of the original SAM model.

Keywords: Business-IT Alignment, Design Science Research, Large and Medium Organizations, Organizational Culture, Strategic Alignment Maturity Model

1. INTRODUCTION

Business-IT alignment (BITA) is today an important management concern. According to Luftman (2004a, p. 69) BITA refers “to applying of information technology in an appropriate and timely way, in harmony with business strategies, goals and needs.” In the absence of BITA, business cannot use the potential of IT optimally and, hence, it fails in the task of producing desired results. This has spawned research on the measurement of BITA maturity (Chan & Reich, 2007). To measure the maturity of BITA, a number of models like Strategic Alignment Model (Henderson and Venkatraman, 1993), Luftman’s strategic alignment maturity model (Luftman, 2000; Luftman 2004b) and Reich & Benbasat Model (2000) have been developed.

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in the Angola-Saxon countries which are five core English-speaking countries with a common socio-political heritage (Australia, Canada, New Zealand, the United Kingdom, and the United States) (Bennett, 2004). Former studies like El-Mekawy et al. (2009), Arab Sorkhi (2010), Avison et al. (2004), and Gutierrez et al. (2008) collected these models in comprehensive survey and conducted structured evaluation on them. The studies conclude that Luftman’s strategic alignment maturity model (SAM) is one of the most established and comprehensive models.

Despite the existence of a number of BITA maturity evaluation models, the alignment is mostly in contrast to what is often experienced in organizations. It has been argued that due to the differences in cultures, objectives, incentives and professionals’ knowledge, business and IT domains are unable to smoothly bridge this gap (Silvius et al., 2009a). Relationship between culture and BITA has been studied for more than a decade. However, these studies focus either on cultural insights on organizations’ IT management (Davidson, 1996; Sabherwal & Chan, 2001), or focus on the national culture effect on maturity of BITA (Boynton, 1996; Silvius, 2008; Silvius et al., 2009a). These studies either: i) lack the focus on measuring BITA components, ii) use Hofstede’s model (Hofstede, 1980) for culture which has been criticized by several authors (Sabherwal & Chan, 2001) because it only stereotypes nations, or iii) investigate the relationships between organizational culture and BITA at an abstract level (criteria level) i.e., without any deep analysis of their attributes.

In contrast to existing studies like Silvius et al. (2010), this paper investigates the organizational culture impact on BITA at attributes level (or detailed level) i.e., not at criteria level. For the investigation, we consider Strategic Alignment maturity Model (SAM) developed by Luftman (an established BITA maturity model) and X model (an established organizational cultural model).

At first, we explored all of the reported BITA challenges and based on their definition we classified them into organizational, organizational culture and hybrid challenges (called BITA limitations). These BITA limitations were tested on SAM to identify SAM’s general limitations. After that, we hypothesized the impact of X-Model’s elements on SAM attributes, based on indications and analytical reasoning from an extensive literature. Following that, an empirical study was conducted to test the hypotheses and to identify the attributes which are not fully applied – called limited attributes. These limited attributes were used to propose an extension to SAM. Finally the extended-SAM was evaluated through 5 Swedish multinational organizations. The rest of the paper is organized as follows: in Section 2, an overview of SAM is provided followed by an overview of organizational culture in Section 3. Section 4 presents the research process. Different processes steps belong to each research activity are explained in Sections 5, 6, and 7. In Section 8, we evaluate the extended version of SAM model and finally the, conclusions are presented in Section 9.

2. BUSINESS-IT ALIGNMENT MATURITY MODEL

A number of BITA models and frameworks have been proposed by different researchers such as Henderson and Venkatraman (1993), Luftman (2000), Reich and Banbasat (2000), Maes et al. (2000), Sabherwal and Chan (2001), Weiss and Anderson (2004), and Hu and Hung (2004). Although Henderson and Venkatraman are seen as the founding fathers of BITA modeling (Avison et al., 2004), Luftman’s strategic alignment maturity model (2000) (SAM) has gained more popularity in practice (Chan & Reich, 2007) due to its following benefits over other BITA models: a) It follows a bottom-up approach by setting goals, understanding linkage between Business and IT, analyzing and prioritizing gaps, choosing and evaluating success criteria, and consequently sustaining alignment by all these processes, b) It presents strategic alignment as a complete holistic process which encompasses not only establishing alignment but also its
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