Mastering the social IT/business alignment challenge

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Abstract
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Keywords
alignment, mastering, social, challenge, business

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Mastering the Social IT/Business Alignment Challenge

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ABSTRACT
The crucial role of IT/business alignment for business value of IT has been investigated for more than two decades. While both the intellectual and the social dimension of alignment received considerable attention at strategic level, only few studies have provided insights into alignment at non-strategic levels. With the intellectual dimension being quite well understood, this work focuses particularly on the social dimension of alignment, addressing aspects like shared understanding, common language, shared domain knowledge, and interaction quality between business and IT. Furthermore, there is a lack of research on how to achieve and maintain social alignment, making it difficult to develop guidelines for practice in this important area. This paper presents a multi-level construct for social alignment and adopts an IT governance perspective in order to identify specific practices and investigate their impact on social alignment. Using a qualitative approach by conducting a series of case studies, this research aims to contribute to our understanding of key IT/business alignment antecedents (or managerial actions) and how they influence social alignment.

Keywords
IT/business alignment, social alignment, alignment antecedents, IT governance practices.

MOTIVATION
Although IT/business alignment has been consistently reported to be one of the top 3 key issues for IT executives for almost two decades (Luftman and Ben-Zvi, 2010) and numerous studies have considerably contributed to our understanding of what alignment is and how it can be achieved, it still remains a major challenge for many scholars and practitioners alike. Interestingly, Broadbent and Weill (1993) have already predicted that the role of alignment will remain important. Alignment positively effects IT business value (Tallon, Kreamer and Gurbaxani, 2000), profitability (Luftman and Brier, 1999), IS effectiveness (Chan, Huff, Barclay and Copeland, 1997), and performance in general (Avison, Jones, Powell and Wilson, 2004). From a research point of view, a lack of theoretical underpinning, the absence of a widely accepted framework including constructs and their relationships, and limited knowledge about the antecedents of alignment have been reported to be the main reasons why we still haven’t mastered alignment (Chan, 2002; Chan and Reich, 2007). A broad body of literature dealing with strategic IT/business alignment has emerged, and there is agreement that at its core, alignment is about bringing business and IT together in a way so that IT effectively supports or even drives business. For example, Reich and Benbasat (1996), using the concept of linkage, have defined alignment as “the degree to which the IT mission, objectives, and plans support or are supported by the business mission, objectives, and plans” (p. 56). While many studies focus on intellectual alignment and highlight the need for a fit between business and IT strategies, plans, and goals (Henderson and Venkatraman, 1993; Reich and Benbasat, 2003), achieving this fit is often inhibited by poor alignment of the involved employees, a problem regularly being addressed under the notion of social alignment (e.g., Reich and Benbasat, 2003). Preston and Karahanna (2009) showed that social alignment is a predictor of intellectual alignment. They argued that effective IT planning and decision-making is dependent on the extent to which business and IT executives can understand each other, share knowledge and use a common language.

Since business goals and, subsequently, requirements and expectations to IT, constantly change (with scale and speed mainly dependent on industry type), looking at alignment as a process (dynamic view) rather than an end-state (static view) has gained more and more attention (Sabherwal, Hirschheim and Goles, 2001; Chan and Reich, 2007). This of course does not mean that measuring alignment at a certain point in time is wrong or useless. The rationale is that achieving and maintaining alignment should be a continuous process which is informed by measurements at distinct points in time since being in (intellectual) alignment in time t can hardly be a predictor for being in (intellectual) alignment in time t+1. What matters most is the underlying capability to flexibly adapt to changing business environments and requirements, select and adopt promising new technologies, effectively anticipate future needs and to make sure that the potential residing in IT is proactively communicated to the business, and hence will be effectively exploited by the business.
For example, there might be situations in which (1) IT could have satisfied the business needs as technologies/IT services are generally available, but IT didn’t know or understand what the business needs are; (2) IT does provide support as needed by the business, but the business does not have the capabilities to leverage the available IT services. Both examples show that technology itself often is not the single crucial aspect. In contrast, the collaboration between IT and business employees is a major challenge on the way to good alignment and the creation of IT business value. This has been highlighted in several studies, noting that soft factors like shared understanding, common language, shared domain knowledge, effective communication etc. have a significant impact on successful IT use in companies (e.g., Reich and Benbasat, 2000; Tiwana, Bharadwaj and Sambamurthy, 2003). Despite antecedents of social alignment have identified, a lack of social alignment is often reported in connection with IT/IS planning, problems or failures in IT projects, and poor alignment in general. Interestingly, the problems are not necessarily around the IT capabilities in general rather than their exploitation and availability in distinct and changing business contexts. This indicates that often the rigidities between IT and business are located at the social side in terms of ineffective collaboration and communication etc., indicating that solving the problem of social alignment will considerably drive technological alignment, IT performance, and IT business value. One example of how different the perceptions between business and IT in large companies are, which then leads to low satisfaction on both sides but mainly inhibits business performance can be seen in the following two quotes taken from a case study on IT/business alignment in a large company.

“We don’t actually talk IT service management outside of IT. Everything’s about the business, how business services can be supported by IT and how to best match the business requirements.” [Head of Corporate IT Service Management]

“I think the one thing that I as a business person have always struggled with IT is a common language. And there are all these layers that sit between the technical people and the business people that are intended to try and facilitate that language. And I don’t think we do it well enough. So I’m sure this is the same with [other business people]. I leave IT meetings thinking I just don’t know what it is that you’re saying. You can’t talk to me in the language that I understand and I can’t get super confident because I just don’t feel like you’ve framed it in a way that business could make the call.” [CEO of Strategic Business Unit]

This research strives to contribute to our knowledge on alignment in two ways: First, drawing on some preliminary works, it extends the notion of social alignment to a non-strategic level by also incorporating social relationships between business and IT in IT projects, IT service management, etc. Results from case studies indicate that this might help to increase the explanatory power of how intellectual alignment can be achieved and maintained. Second, and more importantly, it investigates the antecedents of social alignment in a way that is expected to allow getting a more complete picture about the set of mechanisms and their effective orchestration. We not only look at single items rather than assessing their effectiveness within their specific context, respectively.

The guiding research question is:

*How can social IT/business alignment be achieved and maintained in general, and at non-strategic levels in particular?*

Since we explicitly adopt a process perspective to investigate social alignment and the underlying theoretical assumptions and propositions are inherently dynamic, a qualitative research approach is used. Thus, having started in Q2/2012 and throughout 2012, a series of case studies will be conducted in order to test our hypotheses and answer the proposed research question.

**RELATED LITERATURE AND RESEARCH MODEL**

In this section, we describe the development of our research model, the theoretical framing of this work and the main propositions. Figure 1 shows the research model as it has been developed so far.
Drawing on existing literature, we know that social alignment positively influences intellectual alignment (Preston and Karahanna, 2009), and eventually other variables like IT flexibility, IS effectiveness, and finally business performance (e.g., Luftman and Brier, 1999; Avison et al., 2004). Since companies will not put significant efforts in achieving social alignment for the sake of social alignment rather than because it is a crucial mediator or enabler of subsequent performance measures, it seems worthwhile to include such measures in the research model. However, the focus and main contribution of this work is related to the drivers of social alignment. Therefore, we primarily focus on intellectual alignment as dependent variable that could be complemented by other success measures.

\[ P1: \text{Social IT/business alignment positively affects intellectual IT/business alignment.} \]

**Social IT/business alignment**

The role of social IT/business alignment in the context of IT business value has been examined in several studies. Reich and Benbasat (1996) were among the first who explicitly mentioned the need to distinguish between content (intellectual dimension of alignment) and social aspects of alignment or linkage. They defined social alignment as “the level of mutual understanding of and commitment to the business and IT mission, objectives, and plans” (p. 58), focusing on the linkage between business and IT executives. Drawing on the literature about social alignment (Reich and Benbasat, 2000; Chan, 2002; Reich and Benbasat, 2003; Tiwana et al., 2003), we transfer the dimensions of interaction quality, shared domain knowledge, and relational quality (trust, mutual respect etc.) from the top management level to the tactical and operational level, where the daily business takes place and where the information systems are actually implemented and used. Chan asks “Why haven’t we mastered alignment” (Chan, 2002) and suggests that “informal organization structures played a far more important role than expected in improving IS performance” (p. 97). However, several years later in their review of the IT alignment literature, Chan and Reich (Chan and Reich, 2007) still claim a need to investigate informal structures more intensely in research, and to better build them in practice.

Next, we describe how we conceptualize social alignment for the purpose of our study. We mainly build on the works of Reich and Benbasat (2003), Tiwana et al. (2003), and Preston and Karahanna (2009). As the level of social alignment represents how good the social linkage between human actors in business and IT is at a certain point in time, we adopt the notion of communication quality, common language, shared understanding, and shared domain knowledge, and add the level of employee engagement as a fifth sub-dimension. The rationale is that if business employees engage themselves in IT matters (projects, use of services, …) and vice versa, this will indicate a high level of social alignment. Communication quality addresses the effectiveness of interaction between business and IT. Common language refers to the extent to which IT and business employees can talk to each other in a way that both sides can understand what the other side is saying, respectively. Shared domain knowledge refers to the knowledge about the other side’s domain, which is a necessary criterion for effective collaboration of IT and business side as well as for achieving improved IS performance (Nelson and Cooprider, 1996; Sambamurthy and Zmud, 1997; Bassellier and Benbasat, 2004). For example, the IT side needs a certain level of knowledge about the supported business, its processes and structures, in order to provide effective and efficient IT services (Teo and King, 1997). Inversely, business people who have competencies and knowledge about the IT domain are helpful for more effective communication, e.g., when change requests are specified and IT projects are set up (Bassellier, Benbasat and
Reich, 2003). All these aspects might occur coincidentally in some cases, but it can easily be seen that they cannot be forced if not present or at a low level. Managerial actions have to be taken to develop and maintain social alignment. The main contribution intended by this research is the creation of a framework consisting of concrete measures that can be implemented in order to improve social IT/business alignment.

**IT governance and management practices**

Although the alignment literature has already provided some good starting points (e.g., educational events as in Preston and Karahanna, 2009), findings so far have been rather limited to single actions. Reich and Benbasat (2000) identified shared domain knowledge and a successful IT history as antecedents of short-term alignment, with communication between business and IT executives as a mediator; and shared domain knowledge as antecedent of long-term alignment. While this has considerably contributed to our understanding of social alignment, some issues remain unsolved. E.g., one could argue that shared domain knowledge, particularly in the specific context of a company, will only be built when IT and business people communicate with each other. But with communication as an outcome of shared domain knowledge, what other measures are there to create it? Also, what can companies do to improve social alignment without having a successful IT history? More recently, Preston and Karahanna (2009) have added to our knowledge on how to improve intellectual alignment by enhancing the shared understanding between business and IT executives, and also showed what the antecedents for shared understanding are. According to their findings, direct antecedents to shared understanding are shared language, and shared domain knowledge (CIO business knowledge and top management team IS knowledge). Furthermore, they showed that experiential similarity drives common language and top management team (TMT) IS knowledge, structural systems of knowing drive shared understanding and TMT IS knowledge, and management of TMT expectations and educational events both drive TMT IS knowledge. No significant predictors of CIO business knowledge were found (Preston and Karahanna, 2009).

According to reviews on IT governance (Brown and Grant, 2005; Webb, Pollard and Ridley, 2006), several concepts and definitions exist, indicating the presence of a significant diversity of topics. While some research on IT governance has focused on key decisions to be made and the respective decision rights (e.g., Weill and Ross, 2004; Xue, Liang and Boulton, 2008), De Haes and van Grembergen (2009) have proposed and operationalized a broader concept of IT governance suggesting a combination of structures, processes, and relational mechanisms. The corresponding definition explicates that “enterprise governance of IT addresses the definition and implementation of processes, structures, and relational mechanisms that enable both business and IT people to execute their responsibilities in support of business/IT alignment and the creation of value from IT-enabled business investments” (Van Grembergen and De Haes, 2009, p. 1). IT governance structures are about “structural (formal) devices and mechanisms for connecting and enabling horizontal, or liaison, contacts between business and IT management (decision-making) functions”. IT governance processes deal with the “formalization and institutionalization of strategic IT decision making or IT monitoring procedures”. IT governance relational mechanisms refer to “the active participation of, and collaborative relationship among, corporate executives, IT management, and business management” (Peterson, 2003).

In terms of structures, the existence of committees consisting of both business and IT people can improve strategic planning, lead to a more effective IT landscape and finally higher IT business value or IT-based competitive advantage. It has regularly been highlighted that business sponsorship for IT is often crucial for high success. Also, high commitment and active involvement of business in IT planning and decision-making, and vice versa, will foster alignment. E.g., Reynolds, Thorogood and Yetton (2010) argued that IT decisions should, from a governance perspective, not be made differently than business decisions in order to avoid inconsistencies and inefficiencies. Another example for structural practices are liaison units to help reduce the cultural distance between business and IT. However, implementing too many layers between business and IT that are designed to foster collaboration can also significantly increase complexity and, thus, impose a counter-effect. Consequently, all structures need to be critically assessed and a key challenge is to not only have the right structures in place but to also make sure they enable social IT/business alignment as intended.

Furthermore, well-defined and effective processes with IT and business appropriately involved will help to improve social alignment. Examples are joint coordination of investment and project planning, and decision-making in general. While, e.g., a certain level of competition for priorities is considered to be healthy, focus should shift to getting things done once priorities are set and agreed on. Ideally, the processes in place around IT projects and IT service management create a good balance between competition for IT resources and collaboration in using them. Again, the challenge is not only to have the right processes in place, but to manage them in a way that they are not too rigid and thereby hinder creativity and flexibility, and finally prevent the company from doing potentially valuable new things. Another problem arising from ineffective processes is that business units might feel motivated to bypass the IT, because they feel limited in their ability to pursue value-creating business ideas. While this can be of advantage from a business unit point of view, several negative
consequences can occur from an organizational perspective, like unnecessary duplication of IS, security issues and poor social IT/business alignment. To understand the effects of processes that cross the IT/business border it is crucial to investigate these processes more comprehensively instead of just looking if they are in place, respectively.

We expect relational mechanisms to be of high importance for leveraging social alignment as these are directly related to fostering the relationship between business and IT. Examples are meetings and job rotations/secondments. The latter refers to either IT staff working within the business group for some time, or business staff working within the IT group. Besides the direct effect of increased shared domain knowledge among the employees who are directly involved, the respective person normally is expected to serve as a moderator after returning into the originating unit. Similar to the structures and processes as explained above, they key is to first identify which relational mechanisms are in place and how effective they are, and then examine how they are implemented. This will allow to refer back and analyze the effectiveness as well as the effect on social IT/business alignment.

All these practices are not only relevant to the strategic level, but also to tactical or operational levels. Many of the practices as suggested by De Haes and van Grembergen (2009) can be easily adapted to non-strategic levels. However, the notion of IT governance arguably might not fit any more, since the term is per definition connected to the strategic level. Apart from this, the key is to understand that structures, processes and relational mechanisms can be seen as the crucial elements to achieve social alignment. To the best of our knowledge, no studies have explicitly investigated the connection between such a broad set of governance practices and social IT/business alignment.

Of course, it is important to note that although all governance practices will be implemented by companies in order to improve social alignment or other relevant factors, not is it only possible that some practices fail to deliver the expected effects rather than contradicting findings may occur. A too much of such mechanisms, bad timing, or poor orchestration might lead to a dip in social alignment which then needs to be addressed by a well-designed and properly chosen change in the set of governance practices.

P2: IT governance and management structures impact social IT/business alignment.

P3: IT governance and management processes impact social IT/business alignment.

P4: IT governance and management relational mechanisms impact social IT/business alignment.

Another potentially interesting aspect is if there is a feedback loop between social alignment and the implementation of some practices. It is quite obvious that particularly some of the formal structures and processes might not or at least be less necessary when social alignment is high. Thus, one could argue that, besides other reasons, depending on the current level of social alignment adjustments to the implementation of certain governance practices will be made.

P5: Social IT/business alignment influences IT governance and management practices.

RESEARCH APPROACH

To answer the research question, a qualitative approach will be followed to investigate how companies put in place and orchestrate structures, processes, and relational mechanisms to improve and/or maintain the level of social alignment at both strategic as well as non-strategic levels. From expert interviews, we have developed and validated a preliminary list of IT governance and management practices. For the remaining parts, longitudinal and/or retrospective case studies promise to be the most valuable method given the rather complex relationships to be assessed. To prevent bias, interviews will have to be conducted with both business and IT staff. As we know from studies on alignment, and reflecting on the sub-dimension of shared understanding, there can be varying perceptions of IT alignment, performance and also the relationship between business and IT employees. Providing a valid assessment of the level of social alignment and on how distinct mechanisms work and are perceived will only be possible when comparing insights from interviewees working in different parts of the organization.

Semi-structured interviews will be conducted with a few business and IT employees at different level in companies within services industries in Germany (e.g., banking, insurance, telecommunications). In general, we seek to cover highly IT-reliant companies, thus showing a particular need to have well-aligned business and IT functions. The reason for doing semi-structured interviews is to allow for additional information and discussions about single IT governance and management practices, how they unfold their expected effect, and what interrelationships or complementarities exist among them. Furthermore, interviewees will be able to add practices not already included, maybe not even identified, in our set. All interviews will be recorded, transcribed, and finally analyzed in multiple stages. Within-case and cross-case analyses will be conducted to test the propositions developed (Eisenhardt, 1989). Given the companies’ agreement, we also plan to collect additional data on current alignment levels by asking other selected employees via an online survey tool. The idea is to enrich
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the data set while at the same time helping to keep the efforts for both companies and research team at an acceptable level. Hopefully, some of the companies will participate in a longitudinal study and provide data on an ongoing basis for at least six months. This would give us the chance to better understand the dynamics involved when changes are made with respect to the IT governance and management practices, and also open opportunities in regard to the effects of changed social alignment levels on the practices as described in our proposition 5. From a methodological point of view, we follow the guidelines and ‘good practices’ of qualitative research (Myers and Newman, 2007; Yin, 2009).

DISCUSSION AND CONCLUSION

In this paper, we propose to extend the existing research into social IT/business alignment, which has been previously shown to be a key factor in building and leveraging complementarities between IT and business resources or capabilities. Although there is consensus that elements like common language, mutual understanding, shared domain knowledge build the core construct of social alignment, most studies are limited to looking at these only at a strategic level. Effective IT and business planning heavily depends on a good relationship between the TMT and the CIO or other IT executives. When it comes to the execution of strategic plans, the concept of social alignment is furthermore critical at non-strategic levels, a fact that has been underrepresented in IS research, and thus limits our understanding of how IT potential can be exploited across all layers of an organization. This can be understood as a call for more research efforts to be put on the alignment issue at tactical or operational levels, as a few works have already done (e.g., Tarafdar and Qrunfleh, 2009), but not particularly for the social side. Second, and even more important, findings and guidelines on how to improve and maintain social alignment over time so far have been limited in several ways. Antecedents of social alignment were studied in a rather general way, inhibiting the emergence of concrete managerial actions that can be taken. Particularly, due to a focus on what effective mechanisms might be, questions on how these should be implemented and how they work have merely been investigated. Our research strives to ask and answer, in addition to identifying appropriate mechanisms, more how questions. Antecedents of social alignment have often been studied in a broader context of overall alignment, making it difficult to find out which mechanisms actually are strong predictors for social alignment and which do only have a positive side effect on social alignment. In order to better understand how social alignment can be build, we propose to follow a more focused approach allowing to investigate how the set of mechanisms can be effectively orchestrated and unfold their effect on social alignment.

Of course, this research has to be critically assessed by considering at least the following limitations. From a methodological point of view, it will be critical to find a number of companies for case studies. In these companies, interviews with experienced business and IT people at different levels need to be conducted to cover the range of the proposed research model (social alignment and its antecedents at different organizational levels). Moreover, key contingencies like organizational structure, the role of IT or major one-time events will have to be carefully taken into account. Difficulties might also occur from the potentially broad range of structures, processes, and relational mechanisms that could be in place in different variations. It will be crucial to develop certain generic patterns to account for this variability during the case studies and not lose the ability to compare across companies. Overall, through the series of case studies, we hope to provide valuable new insights into the issue of social IT/business alignment, and move forward by developing a set of effective measures that can help to improve our understanding in general, and allow firms to better control their alignment activities and maturity levels.

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