What is the Role of Organizational Culture in IT Governance Performance of Collaborative Virtual Networks?

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ABSTRACT

In today's complex organizations, IT governance is an important managerial challenge. IT governance deals with decisions and responsibilities concerning IT. There are many factors influencing IT governance. One factor that has remained relatively unexplored by academic research is that of organizational culture. This research explores the influence of the organizational culture of collaborative networks on IT governance performance. A case study was conducted in a large complex company with several networks. The findings indicated that the networks fit better with different organizational culture types based on their priorities for IT governance outcomes to maximize performance. A clan organizational culture is desired when aiming for effective use of IT for asset utilization and cost-effective use of IT. An adhocracy culture fits better when prioritizing the effective use of IT for business growth. Finally, a combination of market and hierarchy organizational culture is desired and fits better when seeking effective use of IT for business flexibility and cost cutting.

KEYWORDS

Adhocracy, Clan, Collaborative Networks, Hierarchy, IT governance performance, Market, Organizational Culture

INTRODUCTION

It is becoming more and more evident that Information Technology (IT) enhances an enterprise's capacity for survival in today's highly competitive world (Couto et al., 2015; De Haes and Van Grembergen, 2015; Sesay and Ramirez, 2016). Therefore, managing IT and using it as a strategic driver to the businesses is a high priority for organizations (Peterson, 2004; Bowen et al., 2007; Kappelman et al., 2014). However, governing IT in such a way to enhance IT value remains a major challenge (Nfuka and Rusu, 2013; ISACA, 2011; Bergeron et al., 2015). This challenge is detectable in a large number of IT governance implementation projects that fail every year and result in massive costs (Alvesson, 2012).

IT governance deals with IT decision rights and responsibilities required to achieve value from IT investments based on business objectives (Weill and Ross, 2004). Both practitioners and researchers have emphasized the benefit of IT governance. For example, according to several researchers, IT governance has a significant influence on the overall performance of an organization [Bowen et

al., 2007; Bernroider, 2008; Nfuka and Rusu, 2013). Moreover, the Sarbanes Oxley Act of the U.S. emphasizes the need for IT governance in organizations [Van Grembergen and De Haes, 2005; De Haes and Van Grembergen, 2009].

In recent years many large organizations have begun using complex organizational patterns such as global virtual networks in order to enhance the quality of collaboration and decisions (Bell and Kozlowski, 2002; Kanawattanachai and Yoo, 2007; Powell et al., 2004; Martins et al., 2004). In virtual networks, organizational members use technology to interact and collaborate with each other regardless of the boundaries, such as geographical and organizational boundaries (Gibson and Cohen, 2003). In organizations with global virtual networks, IT governance can be complex to implement with such questions as "who makes which IT decisions" difficult to answer (Heckler and Powell, 2016; Kappelman et al., 2014).

There are many factors that should be considered when implementing IT governance in complicated organizations with global virtual networks; between which is that of organizational culture (Jones, 2007; Aasi et al., 2014; Janssen et al., 2013). Organizational culture can be defined as "the set of shared values and norms that control organizational members' interactions" (Jones, 2007, p. 177). Organizational culture can be used to support IT governance implementation or it can hinder effective governance (Ke and Wei, 2007).

Previous researchers call for more empirical research on IT governance and organizational culture (Brown and Grant, 2005; Leidner and Kayworth, 2006; Fe Haes et al., 2013; Jairak et al., 2015; Dittes and Smolnik, 2016; Huygh et al., 2017). Specifically, in the context of IT governance in global virtual networks, there is scarce research on the influence of organizational culture on IT governance performance.

This research aims to explore the influence of the organizational culture of networks on the IT governance performance. In particular, we address the research question: "How does organizational culture influence IT governance performance in global virtual networks in a large organization?" In order to respond to this question, a case study in a complex organization (Cemex) with global virtual networks and distinctive leaderships was conducted.

The remainder of this paper includes the research background, conceptual framework, methodology, case description, data analysis, and discussion, and finally the conclusions, limitations, and future research.

RESEARCH BACKGROUND

Organizational Culture

Organizational culture can be described as "…a pattern of shared basic assumptions that was learned by a group as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems…" (Schein, 2010, p. 17). Organizational culture is counted among the factors having an important influence on IT governance (Dahlberg and Kivijarvi, 2006).

Four Types of Organizational Culture

Different models and dimensions have been introduced to identify organizational culture (Cameron and Quinn, 2011; Schein, 2010; Hofstede, 2001). In this research the dimensions introduced by Cameron and Quinn (Cameron and Quinn, 2011) are used to identify organizational culture. They developed an instrument called Organizational Culture Assessment Instrument (OCAI) and categorize organizational cultures into four types (clan, adhocracy, hierarchy and market) according to four core values through which the organization is recognized. These four organizational culture types are different through two main aspects: 1) Internal focus and integration versus External focus and differentiation; 2) Stability and control versus Flexibility and discretion.

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