Chapter 51

Maximising Value Through IT and Business Alignment:
A Case of IT Governance Institutionalisation at a Thai Bank

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ABSTRACT

Contemporary business organisations need to be responsive to internal as well as external changes. Organisational intuitiveness, being fundamental to this responsiveness, requires that these organisations develop and manage their information processing and management infrastructure to enable an integrated and informed environment. Organisations generally have a deterministic approach to technological infrastructure development and do not give requisite attention to soft factors that shape its use. Information technologies, however, are strategic resources that require supportive human action through appropriate set of roles, responsibilities, and decision rights to works effectively, evolve in use, and enable value on continuous basis. This paper presents a case of an information technologies governance in a financial services organisation. It highlights that governance practices need to be institutionalised in the organisation, such that they become an integral part of the organisational, social, and technical environment of the business.

INTRODUCTION

Information technologies (IT) are predominantly socio-technical systems that bind organisations and individuals together through information that enables business processes and manages business operations. Business managers thus focus on the broad uses of IT by questioning how individuals and organisations use IT, how IT can solve problems, how IT supports business processes, how to build and strengthen

skills to use IT proficiently, and how IT delivers soft value to enhance organisational performance. There are three areas of technology implementation and adoption theories: technology determinism (IM, technology-enabled business, and agency theory), socio-technical interactions (actor network theory, socio-technical theory, and contingency theory), and organisational imperatives (strategic competitiveness, resource-based view theory, and dynamic capabilities theory) (Haider 2013). Technology deterministic theories focus on the success of IT projects to support thriving business. Technology deterministic theories mainly consider adopting recognised best practices, frameworks, business models, along with compatible and applicable technologies that are user-friendly with potential and capabilities to deliver business competitiveness, growth, and more productivity. This means that these technologies enable business processes by handling and responding to business requirements precisely to deliver successful IT projects. Socio-technical theories mainly involve the alignment of the technology and organisational environment to deliver stronger relationships with positive business performance that meets business objectives. Organisational imperative theories aim to develop strong relationships between end-users with multiple responsibilities in different business operational areas and technology within complex environment that are capable of aligning business and IT strategies.

Literature review suggests that technology managers take a deterministic approach to technology implementation (see for example, Haider 2013), whereby they focus on the promises associated with technology rather than the cause and effect relationship, and the contextual intricacies that realise those benefits. As a result, the information technology environment in the contemporary business landscape is replete with vulnerabilities, like lack of fit between technical infrastructure with strategic business considerations, incompatible technology, lack of information ownership, overdependence on outsourcing, inability of the organisation to assign responsibility and accountability, budget blowouts, and ineffective risk assessment and mitigation. As a result, employees in large sized service organisations maybe technically competent, yet they cannot fully appreciate the soft and hard role of information technologies in the organisation, and cannot fully apply their knowledge and skills for the optimum advantage of the organisation.

Managing value from information technology infrastructure is the core tenet of IT governance. It provides the decision rights and accountability framework that encouraging desirable behaviours in the use of information technologies within the organisation. These behaviours are shaped through the mutual interaction of cultural, social, technical, and organisational environments prevailing in the operating context of the organisation. IT governance, therefore, is not the job of a few individuals in the organisation or the information technology department; it is everybody's responsibility. At the same time, the Thai service industry is a complex environment, which consistently struggles to work within the established norms of Thai culture—particularly large sized service organisations, which are forced to have a reactive rather than proactive approach to information technology infrastructure development and use. It is, therefore, important to assess how these organisations institutionalise governance of their information technologies within their operating environment, such that it becomes an integral part of the business workflow embedded through organisational values.

This paper starts with conceptual explanation of IT governance and explains its significance for service organisations. It then discusses the institutional theory and highlights the social, organisational, and technical factors that help institutionalise a system in an organisation. This is followed by a detailed case study of a Thai bank and its experience with IT governance, using the theoretical frame of references developed in the earlier sections of this paper.

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