

Spring 3-19-2013

# A social capital dimensional approach to Business-IT alignment

Siân Miller

*Swansea University*, 669196@swansea.ac.uk

Yogesh Dwivedi

*Swansea University*, y.k.dwivedi@swansea.ac.uk

Mike Williams

*Swansea University*, m.d.williams@swansea.ac.uk

Follow this and additional works at: <http://aisel.aisnet.org/ukais2013>

## Recommended Citation

Miller, Siân; Dwivedi, Yogesh; and Williams, Mike, "A social capital dimensional approach to Business-IT alignment" (2013). *UK Academy for Information Systems Conference Proceedings 2013*. 25.  
<http://aisel.aisnet.org/ukais2013/25>

This material is brought to you by the UK Academy for Information Systems at AIS Electronic Library (AISeL). It has been accepted for inclusion in UK Academy for Information Systems Conference Proceedings 2013 by an authorized administrator of AIS Electronic Library (AISeL). For more information, please contact [elibrary@aisnet.org](mailto:elibrary@aisnet.org).

# **A social capital dimensional approach to Business-IT alignment**

Siân Miller, Dr Y. K. Dwivedi, Prof. M.D. Williams

School of Business and Economics, Swansea University, Swansea, SA2 8PP, UK.

Email: [669196@swansea.ac.uk](mailto:669196@swansea.ac.uk)

## **Abstract**

This paper examines the role that social capital plays in organisations in order to create alignment between the IT and business communities. Business and IT communities seem often to have little in common with each other and experience difficulties sharing objectives, deliverables and even communicating with each other. The heart of the problem lies in the fact that the business and IT organisations do not perceive themselves as part of a common, unified organisation. Beginning with the premise the absence of social capital is destroyer of alignment, the paper suggests that where social capital is built across the boundaries of the business and IT organisations, this leads to collective efficacy or superior performance. This is elaborated in a dimensional framework comprising the dimensions and attributes of social capital. Collective efficacy and superior performance are seen when the IT and business organisations are aligned through social capital.

**Keywords:** business-IT alignment, social capital, trust.

## **Introduction**

This paper will examine the role that social capital plays in organisations in creating alignment between the IT and business communities. Writers such as Khandelwal, (2001), van den Hoof and de Winter (2011) and Willcoxson and Chatham (2004) note that the business and IT communities often seem to have little in common with each other and experience difficulties sharing objectives, deliverables and even communicating with each other. Gartner noted in 2003 that alignment was the top concern for CIOs and it has remained an issue as indicated in Luftman and Zadeh's broad study (2011) where they found that it remained in the top five issues.

The heart of the problem lies in the fact that the business and IT organisations may not perceive themselves as part of a common, unified organisation. Indeed, they frequently see themselves as sharing little, *“the IT department is often seen by the Business as having a focus on technology rather than the interests of the organisation as a whole, IT professionals often regard Business employees as technologically inept and insufficiently aware of the importance and complexity of IT.”* van den Hooff and de Winter (2011, p.255).

This paper accepts van den Hooff and de Winter's conclusions that the absence of social capital is destroyer of alignment and will look to build a dimensional framework with the indicators suggesting the presence of social capital. This forms the conceptual basis for research to discover if firms which endeavour to overcome the natural barriers between these groups and build bridges and links between them, create alignment and are consequently better able to withstand environmental turbulence.

This paper will look at the underpinnings of social capital: social networks and social identity as well as the components of social capital itself. The paper will continue with the following structure:

- IT and the Institution – the problem of alignment
- Social capital theory
  - introduction

- background and definitions of social capital
- a dimensional framework of social capital
- bonding, bridging and linking social capital
- Social capital and performance
- how social capital is created
- A framework approach to understanding social capital
  - networks
  - social norms
  - reciprocity-expectation
  - trust
  - personal and collective efficacy
- Discussion
- Conclusion

## **IT and the Institution – the problem of alignment**

It can be argued that IT has become an institution in its own right with self-sustaining processes, having a complex code of professional expertise, regulations and codes, increased professional organisations (Avgerou, 2000, p. 262).

Sharing a common view created through a convergence of experience and a mutual understanding of the direction of each other's territory has emerged as characteristic of strategic alignment. It has variously been seen as an outcome of shared domain knowledge (Reich and Benbasat, 2000), the fusion of resources, unique to that firm blending into a specific combination (Van Grembergen, 2004) and a convergence between the interests of senior business and IT management through frequent communication (Johnson and Lederer, 2005).

Shared understanding between the CIO and Top Management Team (TMT) about the role of IT in the organization moved an organisation further along strategic alignment continuum (Chen, *et al.*, 2010; Preston and Karahanna, 2009). The components of such a shared understanding were shared language, shared domain knowledge (the CIO's knowledge of the business and the TMT's understanding of the strategic value of IT), systems that promote that knowledge and understanding (structural and social),

and the growth of CIO-TMT shared experiences leading to a shared perspective.

## **Social capital theory**

### **Introduction**

The three concepts of social identity, social capital and social network are overlapping and interdependent concepts. Social identity is that which gives individuals identity within a group. Social capital is that which gives the groups meaning: trust, commonality of purpose and engagement to achieve that purpose. Social networks are the transport mechanisms that allows social capital to flow across and inside groups.

Many of the formative studies on social identity, capital and networks were focused on not-for-profit and government organisations (Collier, 1998; Welsh and Pringle, 2001). Authors have sought to extend the theories to commercial organisations such as Burt's study (2000) on how network ties decay which used a cohort of investment bankers. The concepts appear to be as valid in the social environments found in for-profit organisations.

### **Background and definition**

Social capital theory has been the subject of criticism in that its nature has not been well-understood nor the concept sufficiently elaborated and has been described as being "many things to many people" (Narayan and Pritchett, 1997). The multiple strands making up social capital need to be seen as contributing to the whole, rather than picking out single aspects (Hean, *et al.*, 2003). Social capital, has been defined as the "resources embedded in social networks accessed and used by actors for actions" (Lin, 2001, p 25). Coleman (1988) found that social capital is a feature of disparate social structures and "is not a single entity, but a variety of different entities having two characteristics in common: they all consist of some aspect of social structures, and they facilitate certain actions of actors - whether persons or corporate actors - within the structure. " (Coleman, 1988, S98). Benefits generated by social capital may be social and economic, tangible or intangible, of short or long duration (Lin, 2001).

The complexities of the definitions above suggest that social capital is paradoxically

both widely understood and difficult to give a precise definition.

### **Dimensions of social capital**

Several studies have sought to define social capital in a dimensional fashion ( Ghosh and Scott, 2009; Liu and Besser, 2003); Narayan and Cassidy, 2001) .

Bringing together the definitions from these writers, there appears to be a broad consensus that it can be seen in terms of five dimensions :

1. *networks*: lateral associations which may vary in size, density and duration (Coleman, 1988; Putnam, 1993; Snijders, 1999; Woolcock, 1998);
2. *reciprocity-expectation*: a mutual exchange of benefit and services (Bourdieu, 1986; Burt, 1992; Coleman, 1990; Granovetter, 1982; Lin, 2001) ;
3. *trust*: willingness to take initiatives or risk founded on the belief that others will respond as expected (Coleman 1988; Collier 1998; Fukuyama, 1995; Kawachi, *et al.*, 1999; Leana and Van Buren III 1999; Lemmel 2001; Putnam 1993; Snijders,1999) ;
4. *social norms*: the tacit, informal and unwritten shared values governing behaviour (Coleman, 1988; Collier, 1998; Portes and Sensenbrenner, 1993; Putnam, 1995 ) ;
5. *personal and collective efficacy*: the participation of group embers to create active, social engagement and commitment (Collier, 1998; Snijders, 1999).

### **Bonding, bridging and linking social capital**

Not all social capital has the same meaning or value to the participants in a group or relationship.

Bonding social capital is “a force that binds and lubricates, facilitating efficient internal use of such resources by promoting collective action and co-operation” (Shipilov and Danis, 2005). It focuses on shared norms, trust and co-operation and is enabled by strong, ties that are constantly renewed (Coleman, 1988; Fukuyama 1995; Granovetter 1973).

Bridging social capital enables lateral links reaching outside the immediate group and

even across formal organizational boundaries. Bridging relations are lateral, offering access to resources that are not available within the immediate in-group and is based upon weak ties (Burt 1992; Granovetter 1973; Knoke 1999).

Linking social capital enables vertical links to actors who can facilitate mobilization of resources which are not available within the span of the immediate group (Qin and Wang, 2008).

### **Social capital and performance**

Shipilov and Danis (2005) view three of the strategic archetypes described by Miles and Snow (1978) through the lens of social capital perspective and conclude that appropriate mixtures of bonding and bridging social capital create superior performance according to the overall firm strategy, for example, bridging social capital is needed to seek out and exploit new opportunities where the environment and outcomes are uncertain leading to the prospector strategy.

Social capital may have a negative impact on performance where social capital may limit creativity and adaptability (Gargiulo and Benassi, 1999).

### **How social capital is created**

Social capital resides in relationships which are created through social exchange and is constantly reinvigorated (Bourdieu, 1986; Granovetter, 1992). It is the product of access plus resources and is not simply created by the presence of access through network connections (Foley and Edwards, 1999). A fundamental trait of relationships is trust which promotes co-operation leading to increasing levels of trust thus generating even further trust (Fukuyama, 1995; Putnam, 1993; Tyler and Kramer, 1996).

Adler and Kwon (2002) set three pre-conditions in order to create social capital: opportunity, motivation and ability.

### **Opportunity**

Coleman (1990) found that the opportunity to develop social capital is enhanced where there are high levels of mutual interdependence. Some parts of organisations appear to create linkages with other divisions and departments more readily. Tsai (2000) showed that prior network centrality, trustworthiness, and strategic relatedness

were key determinants of the rate of creation of new linkages. Where organisations build in structural mechanisms to create social capital, there is significant linkage between the use of relational co-ordination and the existence of cross-functional, flexible liaison roles (Gittel, 2000).

### **Motivation**

Motivation prompts actors to demonstrate a "willingness and ability ... to define collective goals that are then enacted collectively" (Leana and Van Buren ,1999. p.542).

Burt (2000) found homophily to be important in the creation of social ties and that relationships tended to decay less between similar groups, notably in gender, age and status. The study also found that embeddedness, through age and stability, tended to lessen the decay of relationships.

### **Ability**

Ability is defined as “the competencies and resources at the nodes of the network” (Adler and Kwon, 2002, p.26).

Opportunity and motivation need to be combined with ability to complete the triangle to create the beneficial effects of social capital (Leana and Van Buren,1999).

## **A framework approach to understanding social capital**

The following dimensional framework has been developed to describe the conceptual underpinning where a dimension is fulfilled by the associated attributes:

<b>Dimension</b>	<b>Attribute</b>
Networks	Lateral association and contacts Homogeneity Social interaction and opportunity Access to resource and decision-makers
Social norms	Tacit rules and shared values Sense of community



<b>Dimension</b>	<b>Attribute</b>
	Fairness Sanctions
Reciprocity-expectation	Benefits and services returned in long or short term Volunteering outside confines of team role Helpfulness
Trust	Willingness to take risk or initiative Generating and receiving trust Reliability
Personal and collective efficacy	Participation in the group Fulfilling obligations Access to financial power

*Table 1 – Dimensions of Social Capital*

These dimensions are elaborated below:

### **Networks**

Network relations provide access to resources and power ‘facilitating collective actions for mutual benefits’ (Woolcock, 1998, p.155). These associations can be short or long in duration and may be more or less dense (Burt, 1992; Coleman, 1988; Putnam, 1993; Snijders, 1999; Woolcock, 1998). Further these reciprocal interactions create positive impacts “such as trust, norms, and networks, that can improve the efficiency of society by facilitating co-ordinated actions” (Putnam, 1993: p.167). Network relations may reduce the amount of time required to gather information. Burt (1992) suggests that information benefits occur in three forms: access or brokerage, timing, and referrals. Loose ties in sparse networks (Granovetter, 1973) may impact the diffusion of information but can also fuse knowledge from disparate sources. To develop dense social capital there needs to be regular formal and informal interaction (Bourdieu,1986) .

Over time the interactions of personal relationships develops a history that creates an enduring bond which will then generate valuable attributes such as approval and

prestige to the actors in that relationship (Granovetter, 1992).

### **Social norms**

Social norms arise from a set of shared values that govern in-group behaviour by individuals and their interaction, with control mechanisms, sanctions or even withdrawal of the group's mandate or approval (Coleman, 1988; Collier, 1998; Portes and Sensenbrenner 1993; Putnam, 1995). Norms of co-operation can establish "expectations that bind" (Kramer and Goldman, 1995). Shared language enhances the likelihood of exchange and combination but for the parties to gain the benefit there must be a level of overlap in knowledge and the ability to share perspectives (Boland and Tenkasi, 1995).

### **Reciprocity-expectation**

When an expectation is created that benefit and services will be returned, mutual obligations arise and while there may be no immediate benefit, there is an implied expectation of some future benefit (Bourdieu, 1986; Burt, 1992; Coleman, 1990; Granovetter, 1982; Lin, 2001).

### **Trust**

Trust opens a connection between parties and creates a vulnerability on both sides (Mishra, 1996). If the trust-seeker fails to deliver or demonstrate reliability, then trust can be eroded (Ouchi, 1981). The trust-giver willingly believes in the competence and capability of the trust-seeker (Sako, 1992; Szulanski, 1996). Trust engenders further social exchange and, where a high level of trust exists across relationships, people are more likely to co-operate (Gambetta, 1988; Ring and Van de Ven, 1992, 1994; Tyler and Kramer, 1996). Over time, collective trust may become a powerful "expectational asset" (Knez and Camerer, 1994) where group members widen out the trust to help solve problems of co-operation and co-ordination beyond the original scope of the relationship (Kramer, *et al.*, 1996).

### **Personal and collective efficacy**

Members in a relationship create active, social engagement, commitment to goals and the achievement of group obligations and fulfilment of duties (Collier, 1998; Snijders, 1999). In an enduring relationship this can lead to the development of generalized norms of co-operation, which themselves may further increase the willingness of the participants to engage in social exchange (Putnam, 1993). Oh, *et al.* (2006) argued for the existence of group social capital, that is, social capital which is owned collectively.

Power is a determining factor in efficacy, that is, access to and exercise of power influences the ability to achieve either individual or group aims (Molotch and Boden, 1985).

## **Discussion**

Writers have given much thought to identifying what is social capital, how it arises and how is it manifested (Adam and Roncevic, 2003; Onyx and Bullen, 2001; Sobels, *et al.* 2001).

Social capital can be seen as a single, albeit loosely articulated, state achieved through network connections, establishing social norms, building trust, setting expectations of mutual obligations leading to the achievement of collective goals. In focusing on a single aspect such as trust, then the writer will overlook the richness of the concept.

Social capital begins life in the networks of lateral associations which lead to the creation of social interaction and support. Some associations are fleeting whereas others are long-lasting. Dense, closed networks provide ready access to people within a group whereas sparse networks cross boundaries and are characterised by “structural holes” (Burt, 1992). Groups and individuals are motivated to make connections within and across boundaries because they have an expectation of reciprocity. Mutual obligations will be established and there will be an exchange of benefits over time. With the development of trust and the shared belief in the satisfaction of mutual obligations, comes the preparedness of the trust-giver to award further trust to the trust-receiver and to accept greater risk on the basis of minimal information.

Social norms emerge from shared language, shared collective narratives, routines and processes. A shared code allows ready access to people and their resources and information and are seen in norms of co-operation. Individual or group purposes are

achieved through personal or collective efficacy.

In looking at the issue of alignment between IT and business, collective efficacy is precisely the goal that is sought from alignment since alignment will permit both IT and business to further the ends of the firm in an efficient way. Effective alignment creates a shorthand for both communities allowing them to engage in both operational problem-solving and large scale, long-term strategic initiatives with mutual trust, accepting shared processes and valuing the skills and norms of the other teams.

If the IT department perceives itself as part of a separate institution with connections to the wider world through professional norms, methods and processes, it may not share norms, behaviours and beliefs with its business. To create collective efficacy, bridges need to be built across these boundaries. The norms which are valuable contributors to social capital within the group may reinforce the otherness of those outside the group. Indeed, these norms may drive groups further apart if they are sufficiently dissimilar. In some organisations, the IT department may be at a relative disadvantage in its conversations with the business in that it is seen as ranking lower in the social hierarchy within the organisation and to overcome this, there needs to be evidence of linking social capital across groups with different relative status.

Even where there is a sharing of generalised norms across the internal but separate teams, there may be issues of boundaries where the IT department is accountable for a service for which it is not responsible on a day-to-day delivery basis (Nevo, *et al.*, 2007). External delivery organisations are may not have norms which are convergent with the host organisation and there may be a need for roles which have the explicit function of boundary spanning in order to moderate the failures of trust and lack of shared norms and mimic the relations which would arise in proximate relationships (Valorinta, 2011).

Bridging social capital is the result of boundary spanning, enabling links to out-group actors (Burt, 1992; Granovetter, 1973; Knoke, 1999). Lateral bridging relations are achieved through brokerage mechanisms and open access to resources that do not appear to be available within the immediate in-group. In addition to access to resources, bridging social capital opens avenues of information, influence and power.

The weak ties that are the source of bridging capital are not the product of daily, structural interaction but are in less frequent use and not subject to frequent renewal but, nonetheless, generate trust, the expectation of mutual obligation and thus collective efficacy between otherwise disconnected groups.

In examining social capital, this paper proposes the following :

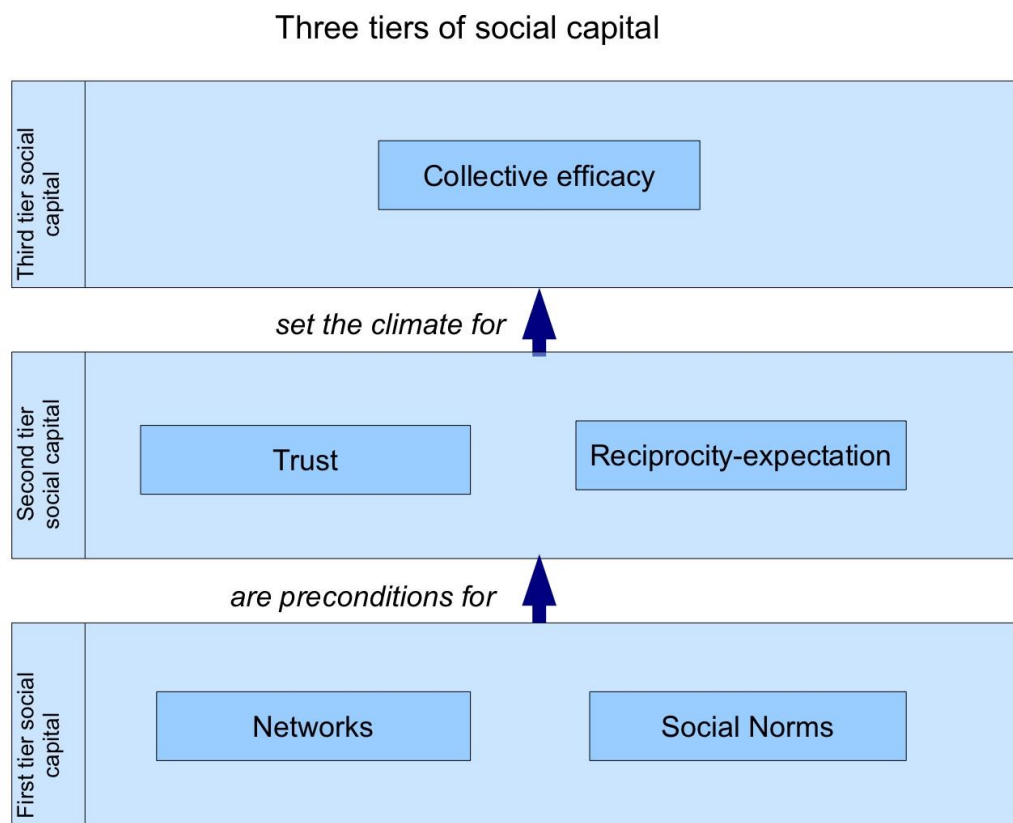
- social capital is a good or product in its own right which creates value for the organisation ;
- social capital is made up of five dimensions : networks, social norms, trust, reciprocity-expectation and collective efficacy ;
- these dimensions are not interchangeable with social capital ;
- while it may be possible to discern evidence of any one of the dimensions, in order to create social capital, all dimensions need to be present ;
- there is likely to be linkage between these dimensions, for example, where there is the expectation of reciprocity, then trust will probably also be seen.
- there may be feedback between the dimensions, for example, where trust is present, this may lead to enhanced reciprocity-expectation which, if fulfilled through collective efficacy, may improve trust and develop further nodes in a network.

It is proposed that there exist three tiers of social capital. The first tier contains the fundamental building blocks of network and social norms without which social capital will not exist. Once these underlying components are in place, the next tier of trust and mutual expectations of delivery will develop. With the growth of trust and the fulfilment of expectations, the organisation will achieve at a collective level giving rise to the third tier, not simply at the level of the individual department.

Where social capital is built between the IT department and the business which it services, it is proposed that this will translate into alignment between the two departments. In order for this to take place, there needs to be evidence of network relations, some of which may be structural and boundary spanning, others of which may be less formal or even weak ties across heterogeneous actors and group. Trust

needs to be present and there needs to be reciprocal expectations of mutual benefit. Although in-group norms may be different, there needs to be sufficient shared norms which are demonstrated through processes, beliefs and narratives. Finally, the evidence of the existence of social capital is seen in the ability to work together to achieve the aims of the organisation, to achieve collective efficacy through alignment.

The framework shown below describes those tiers. The first tier comprising networks and social norms is shown at the bottom so that the reader is able to see it as a precondition for the development of trust and reciprocity-expectation which, in turn, gives rise to the third tier of collective efficacy. The framework is shown in this way so that it is not seen as a decomposition of the construct.



*Figure 1 – Three tiers of social capital*

This three tier representation has been chosen to reflect the need to see social capital as a composite whole, that is, for the true benefit of social capital to be realised, all three tiers need to be present. However, it would not be helpful to suggest that if only

the elements of the lowest tier existed, then there is no evidence of social capital. Rather, the presence of network associations and the sharing of some social norms will tend to enable trust and the expectation of mutual benefits even if this second tier is not evident all the time. Further, if the first and second tiers are present, then the third tier of collective efficacy may not always be manifested but the pre-conditions for its manifestation are established and it may be present some of the time.

### **Performance outcomes of strategic alignment**

While the very existence of alignment continues to be problematical with no simple definition, most writers agree that significant performance benefits accrue when alignment can be observed with studies finding evidence of alignment in shared planning processes, common narratives, mutual histories, frequent formal and informal communications and supportive structures. The performance impact of the strategic planning process, its direction (either as a push from the business or IT, or part of an iterative mutual cycle) has been the subject of several empirical studies. Nonetheless, such alignment may be transient and not observable at all times or even for the long term.

The literature points to the existence of a very real boundary between IT and its business and any alignment is always work-in-progress building connections across that boundary. Van den Hooff and de Winter (2011) identified trust as a key element in generating mutual understanding. Network connections were all very well but need to be linked to a shared perspective and mutual trust arising from the existence of shared norms. Failures of communications and trust led to the break down of the relationship between the IT and business community. The absence of a business perspective by IT managers led to dissatisfaction by CEOs (Khandelwal, 2001). A severe mismatch of perceived mutual benefit drove a wedge between IT and the business (Willcoxson and Chatham, 2004).

Configuration-based studies have looked at simple issues such as reporting lines and for signs that a well-aligned configuration will support the performance of the firm. However, they found that this is contingent on the business strategy which, in turn, drives their mutual expectations. IT governance in practice often bypasses the formal

configurations and has subtle, informal components involving network associations where pre-decision stages include participants other than formal decision-makers, circumvention of the IT department in all preliminary stages and even formative stages which establish the ownership of decision rights (Xue, *et al.*, 2008).

Writers have looked at the measurement of alignment of business strategy and IT strategy and thence between alignment and performance across a number of sectors, sizes of firm and geographies (Cragg, *et al.*, 2002; Croteau and Raymond, 2004; Pennings, 1998; Sabherwal and Chan, 2001). They found that those with a high level of alignment (according to the definitions of each study) had achieved superior performance (according to the definitions of each study) than those with low alignment.

Looking at poor performance, low performing firms exhibit a misalignment between business and IT compared with their more successful competitors (Bergeron, *et al.*, 2004; Neirotti and Paolucci, 2007). Turning to the subject of the performance impact of specific IT investments, Byrd, *et al.* (2006) examined the influence of alignment between IT strategy and business strategy on the return on IT investment (ROI). Deconstructing alignment at the level of the value chain, Tallon (2007) found a positive link between alignment and perceived IT business value in the main processes within the value chain.

The building blocks of social capital (network associations, social norms, trust, reciprocity expectation and collective efficacy) can all be seen in terms of alignment. Network associations have a clear relational link between the IT and business organisation whether in boundary spanners (Valorinta, 2011) or reporting lines (Banker, *et al.*, 2011). Social norms are demonstrated through a shared perspective seen in the use of shared language, domain knowledge and experiences (Chen, *et al.*, 2010; Preston and Karahanna, 2009). Trust emerges as an outcome of shared domain knowledge (Reich and Benbasat, 2000), the fusion of networks and resources unique within any one organisation (Van Grembergen, 2004) and as convergence between the interests of the two parties reinforced by frequent communication (Johnson and Lederer, 2005). Reciprocity-expectation is built when there is participation and engagement by both IT and business managers in specific activities to improve their understanding and knowledge of IT and its business value and shared participation in



business planning (Kearns and Sabherwal, 2006).

Collective efficacy leads to superior performance where processes are integrated, business-IT partnering exists for major investments, network associations are mirrored functionally and geographically, there is an understanding of both the cost and value of IT (Cumps, *et al.*, 2009).

Thus it is possible to map alignment closely to the concepts of social capital and to expand the previous table (Table 1) :

<b>Social capital dimension</b>	<b>Generic social capital attribute</b>	<b>Strategic alignment attribute</b>	<b>Alignment dimension</b>
Networks	Lateral associations and contacts Homogeneity Social interaction Access to resource and decision-makers	Network connections Regular formal and informal communication Access to decision-makers and decision-making process Boundary spanners	Networks and communication
Social norms	Tacit rules and shared values Sense of community Fairness Sanctions	Shared perspective, language, experience Shared domain knowledge Common processes	Norms and processes
Reciprocity-expectation	Benefits and services returned in long or short term Volunteering outside confines of team role Helpfulness	Business / IT mutual understanding of each party's value to the organisation Convergent interests Shared participation in business-IT planning	Mutual obligations and convergent interests

<b>Social capital dimension</b>	<b>Generic social capital attribute</b>	<b>Strategic alignment attribute</b>	<b>Alignment dimension</b>
Trust	Willingness to take risk or initiative Generating and receiving trust Reliability	Belief in the other party's value and integrity Engagement of the other party in planning processes	Trust and integrity
Personal and collective efficacy	Participation in the group Fulfilling obligations Access to financial power	Integrated processes Business-IT partnering for major investment decisions Functionally and geographically mirrored network associations Common understanding of both cost and value of IT Access to governance and financial decision-making Superior performance	Superior performance

*Table 2 – Dimensions of Social Capital and Strategic Alignment*

Expanding on the three tiers of social capital shown above, it is now possible to show this in terms of alignment:

### Three tiers of alignment

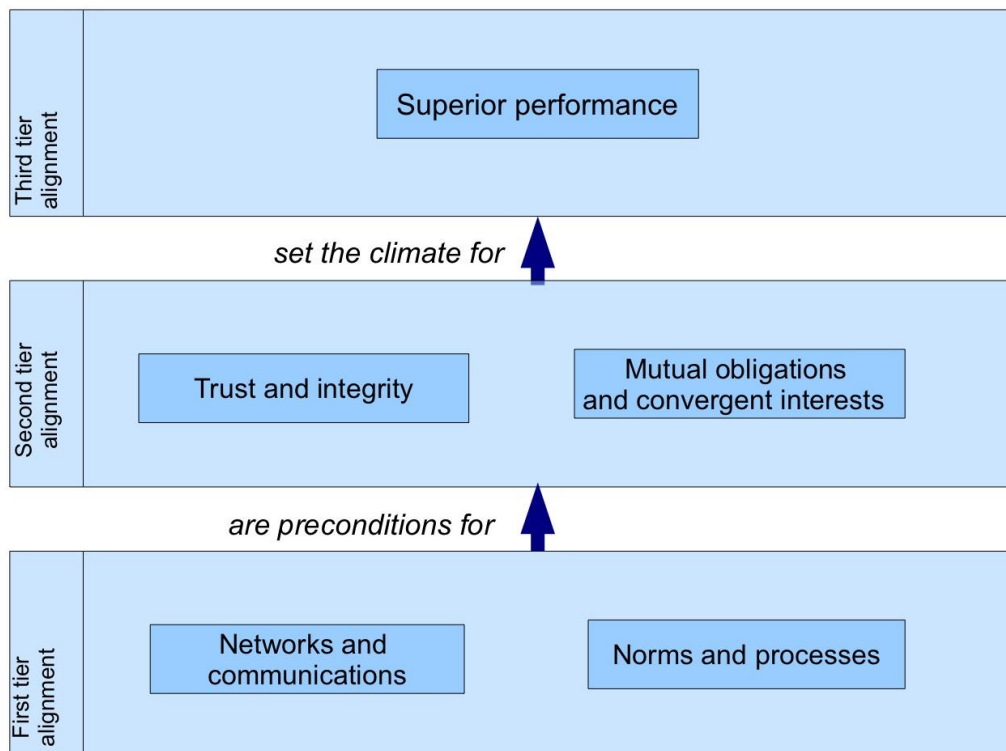


Figure 2 – Three tiers of alignment in a social capital framework

## Conclusion

"[T]he existence of connections ... is the product of an endless effort at institution" (Bourdieu, 1986, p. 249).

Social capital is a multi-stranded but cohesive cohesive. In organisations, it is achieved through Bourdieu's endless effort. Building and renewing network connections, establishing social norms with shared values, language and processes, earning and giving trust, setting and delivering expectations of mutual obligations leads to collective efficacy, the achievement of the organisation's goals.

This paper argues that collective efficacy is seen when the IT and business organisations are in alignment. In the same way as social capital has proved an elusive concept, strategic alignment also evades exact description. Those

organisations with a high level of alignment (according to the measures selected by each study) achieved superior performance to those with low alignment (Cragg, *et al.* 2002; Croteau and Raymond, 2004; Pennings, 1998). Although how alignment is achieved ranges from process (Kearns, 2005), shared and well-understood business goals (Tallon, *et al.*, 2000), to visioning networks (Agarwal and Sambamurthy, 2009, p.194) all contribute towards alignment which in turn improves collective efficacy. No study found a link between good alignment and poor performance but misalignment was seen in poorly performing firms (Bergeron, *et al.*, 2004 ; Neirotti and Paolucci, 2007).

Social capital creates value when it reaches collective efficacy otherwise it is simply a way of creating a level of organisational comfort through trust, networks and shared values and mutual obligations. Similarly, alignment between an IT department and business only creates value when it is an enabler of superior performance. It is therefore argued that if the highest tier of social capital is the creation of collective efficacy, this will be seen in superior performance. Alignment and social capital may be seen as proxies for each other and that alignment is the product of the two lower tiers of social capital with performance being delivered as a consequence of the highest tier.

### **Contribution to research**

This paper draws together the concepts of business-IT alignment and social capital in a dimensional framework, proposing the presence of social capital as a critical underpinning for the creation of alignment and, hence, superior performance.

### **Limitations**

This paper is proposes a theoretical framework only and is not supported by empirical research. Therefore, this provides an interesting direction for field-work using the framework to inform and guide that research.

## References

- Adam, F., and Roncevic, B. (2003) *Social capital: recent debates and research trends*, *Social Science Information*, 42(2), 155-183.
- Adler, P. and Kwon, S.W. (2002) *Social Capital: Prospects for a new concept*, *Academy of Management Review*, 27(1), 17-40.
- Agarwal, R. and Sambamurthy, V. (2009) *Information Management Strategy - Principles and Models for Organizing the IT function*, In *Strategic Information Management : Challenges and strategies in information systems*, 4<sup>th</sup> edn. (Eds., Galliers, R.D. and Leidner, D. E.) Routledge, New York, pp. 189-208.
- Avgerou, C. (2000) *IT and Organisational Change : an Institutional Perspective*, *Information Technology & People*, (13)4, 234-262.
- Banker, R. D., Hu, N., Luftman, J. and Pavlou, P.A. (2011) *CIO reporting structure, strategic positioning and firm performance*, *MIS Quarterly*, 35 (2), 487-504.
- Bergeron, F., Raymond, L., Rivard, S. (2004) *Ideal patterns of strategic alignment and business performance*, *Information and Management*, 41 (8), 1003-1020.
- Boland, R. J. and Tenkasi, R. V. (1995) *Perspective making and perspective taking in communities of knowing*, *Organization Science*, 6 (4), 350-372.
- Bourdieu, P. (1986) *The Forms of Capital*, In *Handbook of theory and research for the sociology of education*. (Ed. Richardson, J.G.) Greenwood, New York, pp. 241-258.
- Burt, R.S. (1992) *Structural holes: the social structure of competition*, Harvard University Press, Cambridge, MA.
- Burt, R.S. (2000) *Decay functions*, *Social Networks*. 22(1), 1-28.
- Byrd, T. A., Lewis, B. R. and Bryan, R.W. (2006). *The leveraging influence of strategic alignment on IT investment: an empirical examination*. *Information and Management*, 43(3), 308-321.
- Chen, D. Q., Mocker, M. Preston, D. and Teubner, A. (2010) *Information Systems Strategy ; Reconceptualisation, measurement and implications*, *MIS Quarterly*, 34(2), 233-259.
- Coleman, J.S. (1988) *Social Capital in the Creation of Human Capital*, *American Journal of Sociology*. 94 (Supplement), S95-S120.
- Coleman. J. S. (1990) *Foundations of social theory*, Harvard University Press, Cambridge, MA.
- Collier, P. (1998) *Social Capital and Poverty*. Social Capital Initiative Working Paper Number 4. World Bank.

Cragg, P., King, M., Hussin, H. (2002) *IT alignment and firm performance in small manufacturing firms*, Journal of Strategic Information Systems, 11 (2), pp. 109-132.

Croteau, A.M. and Raymond, L. (2004) *Performance outcomes of strategic and IT competencies alignment*, Journal of Information Technology, 19 (3), pp. 178-190.

Cumps, B., Martens, D. and De Backer, M. (2009) *Inferring comprehensible business/ICT alignment rules*, Information and Management, 46(2), 116-124.

Foley, M. W. and Edwards, B. (1999) *Is It Time to Disinvest in Social Capital*, Journal of Public Policy. 19(2), 141- 173.

Fukuyama, F. (1995) *Trust: Social virtues and the creation of prosperity* Hamish Hamilton, London.

Gambetta, D. (1988) *Can we trust trust*, In *Trust: Making and breaking co-operative relations*. (Ed. Gambetta, D.) Wiley-Blackwell, Oxford, pp.213-237.

Gargiulo, M. and Benassi, M. (1999) *The Dark Side of social capital* In *Corporate social capital and liability*. (Eds. Leenders, R. Th. A..J. and Gabbay, S.M.) Kluwer, Boston, pp.298-322.

Gartner Group Executive Research Program Survey, Gartner Inc, (2003). [http://www.gartner.com/press\\_releases/pr17mar2003b.html](http://www.gartner.com/press_releases/pr17mar2003b.html) Stamford, CT.

Ghosh, B. and Scott, J.E. (2009) *Relational alignment in offshore IT outsourcing*, MIS Quarterly Executive, 8(1), 18-29.

Granovetter, M.S. (1973) *The Strength of Weak Ties*, American Journal of Sociology, 78 (6),1360-1380.

Granovetter., M.S. (1982) *The strength of weak ties: A network theory revisited*, In *Social Structure and Network Analysis*. (Eds. Marsden, P.V. and Lin, N.) Sage, Beverly Hills, CA, pp.105-130.

Granovetter, M. S. (1992) *Problems of explanation in economic sociology*, In *Networks and organizations: Structure, form and action*. (Eds. Nohria, N. and Eccles, R.) Harvard Business School Press, Boston, MA, pp.25- 56.

Ibarra, H. (1992) *Structural alignments, individual strategies, and managerial action: Elements toward a network theory of getting things done*, In *Networks and organizations: Structure, form and action*. (Eds. Nohria, N. and Eccles, R.) Harvard Business School Press, Boston, MA, pp.165-188.

Johnson, A. M. and Lederer, A.L. (2005) *The effect of communication frequency and channel richness on the convergence between chief executive and chief information officers*, Journal of Management Information Systems, 22(2), 227-252.

Kearns, G.S. (2005) *An electronic commerce strategic typology: insights from case*

*studies*, Information & Management, 42 (7), 1023-1036.

Kearns, G. S. and Sabherwal, R. (2006) *Strategic alignment between business and information technology: A knowledge-based view of behaviors, outcome, and consequences*, Journal of Management Information Systems, 23 (3), 129-162.

Khandelwal, V. K. (2001) *An empirical study of misalignment between Australian CEOs and IT managers*, Journal of Strategic Information Systems. 10(1), 15-28.

Knez, M. and Camerer, C. (1994) *Creating expectational assets in the laboratory: Coordination in "weakest link" games*, Strategic Management Journal, 15(S1), 101-119.

Knoke, D. (1999) *Organizational networks and corporate social capital*, In Corporate Social Capital and Liability. (Eds, Leenders, R. Th. A..J. and Gabbay, S.M.) Kluwer, Boston, MA, pp. 17 – 42.

Leana, C.R., and Van Buren, H.J. (1999) *Organisational social capital and employment practices*, Academy of Management Review. 24(3), 538-555.

Lin, N. (2001) *Building a Network Theory of Social Capital*, In Social Capital: Theory and Research. (Eds. Lin, N., Cook, K. and Burt, R.S.) Aldine de Gruyter, New York, pp. 3 – 29.

Lin, N. (2001) *Social Capital : A theory of social structure and action*, Cambridge University Press, Cambridge.

Liu, A. Q. and Besser, T. (2003) *Social capital and participation in community improvement activities by elderly residents in small towns and rural communities*, Rural Sociology, 68(3): 343-365.

Luftman, J. and Zadeh, H. S. (2011). *Key information technology and management issues 2010-11: an international study*. Journal of Information Technology, 26(3), 193-204.

Miles, R. E. and Snow, C. C. (1978) *Organizational strategy, structure, and process*, McGraw-Hill, New York.

Mishra, A. K. (1996) *Organizational responses to crisis. The centrality of trust*, In Trust in organizations. Frontiers of theory and research. (Eds. Kramer, R.M and Tyler, T.R.) Sage, Thousand Oaks, CA, pp. 261-287.

Molotch, I-I.L. and Boden, D. (1985) *Talking Social Structure: Discourse, Domination, and the Watergate Hearings*, American Sociological Review, 50(3), 273-88

Morris, S., Wright, P., Trevor, J., Stiles, P., Stahl, G., Snell, S., Paauwe, J., and Farndale, E. (2009) *Global challenges to replicating HR: The role of people, processes, and systems*, Human Resource Management, 48(6), 973–995.

Narayan, D. and Cassidy, M. F. (2001) *A Dimensional Approach to Measuring Social Capital: Development and Validation of a Social Capital Inventory*, *Current Sociology*, 49(2), 59-102.

Narayan, D. and Pritchett, L. (1997) *Cents and Sociability: Household income and social capital in rural Tanzania*, Policy Research Working Paper Series 1796, The World Bank, Washington, DC.

Neirotti, P. and Paolucci, E. (2007) *Assessing the strategic value of information technology: an analysis on the insurance sector*, *Information & Management*, 44 (6), 568-582.

Nevo, S., Wade, M.R., and Cook, D. C. (2007) *An examination of the trade-off between internal and external IT capabilities*, *Journal of Strategic Information Systems*, 16(1), 5-23.

Oh, H., Labianca, G. and Chung, M-H. (2006) *A multilevel model of group social capital*, *Academy of Management Review*, 31(3), 569-582.

Onyx, J. and Bullen, P. (2000) *Sources of social capital*, In *Social capital and public policy in Australia*, (Ed. Winter, I.) National Library of Australia, Melbourne, pp.105 - 135

Ouchi, W. G. (1981). *Theory Z: How American business can meet the Japanese challenge*, Addison-Wesley, Reading, MA.

Pennings, J.M. (1998) *Innovations as precursors of Organizational Performance*, In *Information Technology and Organizational Transformation : Innovation for the 21st Century Organization*. (Eds. Galliers, R.G. and Baets, W.R.J.) Wiley and Sons, Chichester.

Portes, A. and Sensenbrenner, J. (1993) *Embeddedness and immigration: Notes on the social determinants of economic action*, *American Journal of Sociology*, 98(6), 1320 - 1350.

Preston, D. S. and Karahanna, E. (2009) *How to develop a shared vision : the key to IS strategic alignment*, *MIS Quarterly Executive*, 8(1), 1-8.

Putnam, R. D. (1993) *The prosperous community: Social capital and public life*, *American Prospect*, 13, 35-42.

Putnam, R. D. (1995) *Bowling alone: America's declining social capital*, *Journal of Democracy*, 6(1), 65-78.

Qin, H. and Wang, X.Q. (2008) *Research on the Impact of Co-alignment of Corporate Social Capital and Strategic Choice on Firm Performance*, *Proceedings of the 5th international conference on innovation & management (ICIM)*, Vols 1 and 2: 674-680, Maastricht, The Netherlands.



- Reich, B. H. and Benbasat I. (2000) *Factors that influence the social dimension of alignment between business and information technology objectives*, MIS Quarterly, 24(1), 81-113.
- Ring, P. S. and Van de Ven, A. H. (1992) *Structuring co-operative relationships between organizations*, Strategic Management Journal, 13(7), 483-498.
- Ring, P. S. and Van de Ven, A. H. (1994) *Developmental processes of co-operative inter-organizational relationships*, Academy of Management Review, 19(1), 90-118.
- Sako, M. (1992) *Prices, quality and trust: Inter-firm relations in Britain and Japan*, Cambridge University Press, Cambridge.
- Shipilov, A. and Danis, W. (2006) *TMG Social Capital, Strategic Choice and Firm Performance*, European Management Journal, 24(1), 16-27.
- Snijders, T.A.B. (1999). *Prologue to the measurement of social capital*, The Tocqueville Review. 20(1), 27-44.
- Sobels, J., Curtis, A. and Lockie, S. (2001) *The role of Landcare group networks in rural Australia: exploring the contribution of social capital*, Journal of Rural Studies 17: 265-276.
- Szulanski, G. (1996) *Exploring internal stickiness: Impediments to the transfer of best practice within the firm*, Strategic Management Journal, 17(S2), 27-44.
- Tallon, P. P., Kraemer, K.L. and Gurbaxani, V. (2000). *Executives' perceptions of the business value of information technology: A process-oriented approach*. Journal of Management Information Systems, 16(4), 145-173.
- Tallon, P. P. (2007). *A process-oriented perspective on the alignment of information technology and business strategy*. Journal of Management Information Systems, 24(3), 227-268.
- Tsai, W.P. (2000) *Social capital, strategic relatedness and the formation of intra-organizational linkages*, Strategic Management Journal. 21(9), 925-939.
- Tyler, T. R., and Kramer, R. M. (1996) *Whither trust?*, In Trust in organizations: Frontiers of theory and research. (Eds. Kramer, R.M. and Tyler, T. R) Sage, Thousand Oaks, CA, pp.1-15
- Valorinta, M. (2011) *IT alignment and the boundaries of the IT function*, Journal of Information Technology, 26(1), 46-59.
- Van den Hooff, B. and de Winter, M. (2011) *Us and them: a social capital perspective on the relationship between the business and IT departments*, European Journal of Information Systems, 20(3), 255-266.
- Van Grembergen, W. (2004) *Strategies for information technology governance*, Idea

Group, Antwerp.

Welsh, T, and Pringle. M. (2001) *Social capital. Trusts need to recreate trust*, British Medical Journal. 323: 177-8.

Willcoxson, L. and Chatham, R. (2004) *Progress in the IT/business relationship: a longitudinal assessment*, Journal of Information Technology, 19(1), 71-80.

Woolcock, M. (1998) *Social Capital and Economic Development: Toward a Theoretical Synthesis and Policy Framework*, Theory and Society, 27(2): 151- 208.

Xue, Y. J., Liang, H. G., Boulton, W.R. (2008) *Information technology governance in information technology investment decision processes: The impact of investment characteristics, external environment, and internal context*, MIS Quarterly, 32(1), 67-96.