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# **Social capital and alignment between Business and IS - a deep dive into the impact of trust**

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## **Abstract**

*This paper examines the role of trust in building social capital in organisations to create alignment between the business and IS communities. The two communities often have little in common and experience difficulties sharing objectives, deliverables and even communicating with each other and frequently do not perceive themselves as part of a common, unified organisation.*

*Examining the findings of a broader study, this paper shines a spotlight on the impact of trust. That larger study examined social capital and its impact on alignment, taking a dimensional approach to social capital analysing it in terms of network relationships, shared norms, trust, reciprocity expectation and collective efficacy. Higher levels of social capital across the boundaries between business and IS leads to improved alignment.*

*Offering a 'deep dive' into one of the dimensions of social capital, this paper focuses on the impact of trust on that relationship and the consequences for alignment.*

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

# **1 Introduction**

This paper examines the role of trust in building social capital in organisations to create alignment between the business and IS communities. The two communities often have little in common and experience difficulties sharing objectives, deliverables and even communicating with each other and frequently do not perceive themselves as part of a common, unified organisation.

Examining the findings of a broader study, this paper assesses the impact of one element in the relationship. That larger study examined social capital and its impact on alignment. It took a dimensional approach to social capital analysing it in terms of network relationships, shared norms, trust, reciprocity expectation and collective efficacy. Higher levels of social capital across the boundaries between business and IS leads to improved alignment. The aim of that research was to understand intrinsic sources of alignment within firms through the lens of social capital and to offer a framework to promote understanding of that relationship, arguing that where social capital is built across the boundaries of the business and IS organisations, this leads to alignment as seen in collective efficacy.

This paper does not seek to explain the entire social capital framework and the findings of the wider study but rather takes a deep dive into the findings pertaining to a single dimension : trust. The study originally postulated that trust was central to the development of alignment and would develop as a consequence of well developed networks and shared norms leading to improved cooperation. This alignment would promote improved performance. Findings from the empirical studies provide strong evidence of the impact of trust on social capital and hence its impact on alignment.

## **2 Background to alignment**

### **2.1 Alignment as a desirable goal**

Despite a widely-held belief that the existence of alignment is essential to create value, it appears to be difficult to pin down its precise nature and source. Even establishing a definition is difficult. Attempts to define alignment frequently veer off

to talk about the outcome of alignment “The purpose of Business – IT Alignment is to optimise the value that IT contributes to the enterprise” (Info-Tech Research Group 2014) rather than what is alignment. Another definition suggests that alignment is all about solutions “Creating and managing a business driven IT organisation for which the primary focus is implementing information oriented solutions that are most important to meeting the business goals, objectives, and strategies of the enterprise” (Osborn 2013). A thorough definition is provided by Macehiter and Ward-Dutton (2005, p.2) who define alignment as “the process through which business people and IT delivery organisations collaborate to create an environment in which investment in IT and delivery of IT services reflect business priorities ... and in which business priorities are influenced by understanding of IT capabilities and limitations.” This definition will be used as the most comprehensive interpretation of the term in this paper.

The debate on strategic alignment is predicated on the notion that there exists a boundary between an IS organisation and the business it services. This boundary can only exist if there is a lack of commonality between the two groups.

Capturing alignment has challenged researchers for thirty years (McFarlan 1984) and in 2014 practitioners still put the problem of alignment at the top of their list of concerns (Derksen and Luftman 2014). Its absence can be seen through mutual misunderstanding (Khandelwal 2001, van den Hooff and de Winter 2011 and Willcoxson and Chatham 2004) and poor performance (Bergeron *et al.* 2004; Neirotti and Paolucci 2007). Recent studies have found a link between social capital and performance (Karahanna and Preston 2013).

Those inside an organisation may more readily identify with people belonging to the same group in another firm than in their home organisation. In their social capital view on alignment, van den Hooff and de Winter (2011) found that the IS and businesses teams view themselves and each other as separate institutions or occupational communities.

This disconnect is seen in many studies. Van den Hooff and de Winter (2011) found that where the relationship is dysfunctional or asymmetrical, the relationship between the IS and business communities begins to break down with failures in communications and trust. The IS community emphasises the importance of the transfer of strictly factual information between itself and the business community whereas the Business lays stress on the value of mutual relationships and is much less interested in the underlying technology. Khandelwal (2001) found that IS managers lacked business perspective and this led to serious misalignment and dissatisfaction by senior managers. However, Stemberger *et al.* (2011) found that it is possible for IS staff to acquire the support of top management in their firm if they have a role that supports that acquisition, appropriate business knowledge and skills.

Investigating the IS and business relationship, Willcoxson and Chatham (2004) found significant differences on matters of perception of IT system utility and communication efficacy. Studying the implementation of EAM functions, Schmidt and Buxmann (2011) found that companies were frequently unable to implement changes in a timely and efficient manner. Teubner (2007, p.123) observed a contrast between the theoretical view of the role of the CIO as a contributor to the overall firm strategy and the practical reality of that of a service provider and believed that there are “misleading academic assumptions about the role of IT management in practice”.

## **2.2 Setting the context**

This paper looks at alignment in the context of alignment in investment management firms. In the turbulence created by the 2008 global financial crisis, firms have been subject to mergers, integrations and realignments. Research from CoreData (2012) suggests that investment managers tend towards inefficiency as the firms grow larger possibly due to the effect of the additional layers of management and governance needed to manage complex business models. Acquisition-led growth was particularly detrimental to efficiency.

### 3 The social capital approach

#### 3.1 Social capital and alignment

Social capital creates value when it reaches collective efficacy otherwise it is simply a way of creating a level of organisational comfort via trust, networks and shared values and mutual obligations. Similarly, alignment between an IS department and its corresponding business only creates value when it is an enabler of superior performance.

This is elaborated in a dimensional framework comprising the dimensions and attributes of social capital : network relationships, shared norms, trust, reciprocity expectation and collective efficacy (Adam and Roncevic 2003; Bourdieu 1986).

A conceptual framework was developed to understand the contribution that social capital plays in alignment.

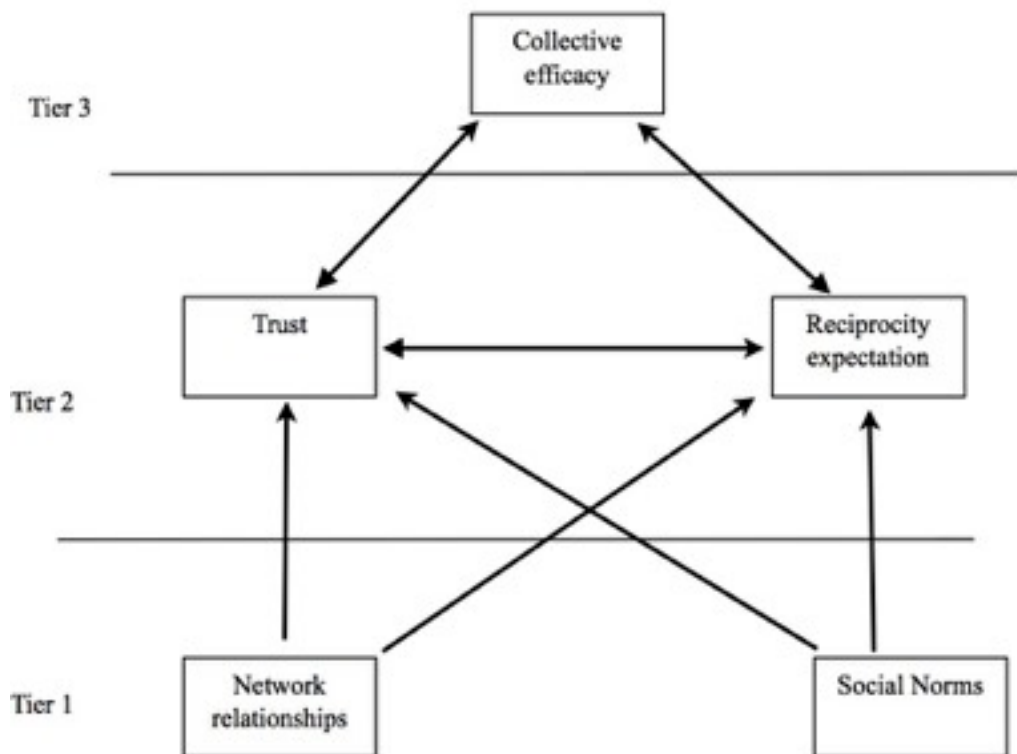


Figure 1. The dimensionality of social capital.

### **3.2 Trust as a dimension of social capital**

Trust plays a key part in building and maintaining social capital and is not the outcome of a simple exchange but the willingness to take initiatives or risk in the belief that others will respond in the knowledge that trust has been earned by the initiative- or risk-taker, and rewarded by the acceptor / approver of that initiative or risk. Trustworthiness is seen in the confidence of the fulfilment of obligations of others (Leana and Van Buren 1999). 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) and in their openness (Ouchi 1981). Trust engenders further social exchange and, where a high level of trust exists across relationships, people are more likely to co-operate (Tyler and Kramer 1996; Chow and Chan 2008). There is a two-way link between trust and co-operation where trust engenders co-operative behaviour and this co-operation increases the level of trust in the relationship.

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 and is sustained by constant contact, dialogue and monitoring. Powell (1996).

### **3.3 Social capital and in-group bias**

Different social contexts engender different behaviours. An individual-based perception of what defines the nature of "us" in group membership is key to understanding the operation of that group (Hogg and Vaughan 2002). The individual identifies the attributes of the out-group as being unlike those of the in-group as well as the in-group having its own unique set of the attributes.

In-group bias is an important contributor to the understanding of failures of alignment since, implicitly, there must be some difference identified by the in-group *vis-a-vis* the out-group. If the in-group continue happily with their clear in-group bias and out-group differentiation, then they may not see the need to reach out to the out-group and, therefore, behaviours may reinforce a lack of alignment.

There is strong evidence of the perception of IS as a separate entity within an

organisation and the failure of business management to appreciate the potential impact of IS for the delivery of business transformation and day-to-day stable running of the business (Chang 2006; Khandelwal 2001; Willcoxson and Chatham 2004).

Much of social capital is embedded within networks of mutual acquaintance and recognition (Bourdieu 1986) which bring access to further resources and assets. Goodwill, defined as sympathy, trust, and forgiveness is key to accessing those resources since positive “effects flow from the information, influence, and solidarity such goodwill makes available.” (Adler and Kwon 2002, p.18).

### **3.3 Bonding and bridging social capital**

Social capital that brings a group together may not be available to those outside the group. Ghosh and Scott (2009) saw bonding activities as promoting improved generalised trust, linking activities as encouraging identification and bridging activities as key to building knowledge. Bridging social capital is engaged through brokerage creating access to resources, information, and other benefits such as influence (Burt 1992, 1997; Granovetter 1973; Knoke 1999; Levin, D.Z. and Cross, R. (2004). The strength of weak ties you can trust: The mediating role of trust in effective knowledge transfer. *Management Science*, 50(11), 1477-1490.).

Sometimes a high level of bonding social capital blinds in-group members to other possibilities and they are only able to reflect the views inside the group limiting adaptation of behaviours to changing environments (Gargiulo and Benassi 1999)

### **3.4 Positive and negative impacts of social capital**

Social capital creates a number of benefits : information flow, influence and in-group cohesion and solidarity. The existence of powerful shared norms and beliefs promote compliance with group and local rules and maintenance of customs. Morris *et al.* (2009) found that where a common understanding of the important goals of an organisation was absent, critical information was not passed between employees and, indeed, they were not able to identify what was critical information to be shared and processed.

Social capital resides in relationships which are created through social exchange and is constantly reinvigorated by the linkages built by these relationships over time



(Bourdieu 1986).

## 4 Empirical study

### 4.1 Background

The study examined alignment in four cases within the investment management sector. Although the firms differed in size and internal organisational pressures, they are all subject to the same competitive environment and regulatory pressures. The study will look at internal matters only examining the perceptions of senior managers in both business and IS roles.

### 4.1 Participant firms

Four firms were studied and the IS and business findings are clustered into two nominal groups to allow comparison between the two communities.

The table below summarises the characteristics of the firms in terms of their structure, newness, ability to make independent decisions and internal perceptions of alignment.

Firm	Size	Independent	Recently established	Autonomy from parent	Shared service	Outsourced	Level of alignment
1	L	N	N	L	Y	L	L
2	S	Y	Y	H	N	H	H
3	M	N	N	L	Y	M	L
4	S	N	Y	H	Y	H	H

**Table 1. Characteristics of participant firms.**

**Key:**

Size in terms of staff : L (> 2000), M (500 - 2000) S (<1000)

Independent : wholly independent or part of an overall parent firm

Recently established : whether it has been created since the global financial crisis (i.e. after 2008)

Autonomy from parent: subjective indicator derived from the conversations showing the perceived level of independence from the Group / Parent organisation.

Shared service : whether they participated in a shared service model.

Outsourced : to what extent any of their technology management was outsourced (as opposed to being provided in a shared service model by the parent).

Level of alignment : subjective indicator derived from the conversations showing the perceived level of alignment.

## **4.2 Study approach**

Much of the data collected was qualitative achieved through in-depth interviews. There were 35 interviews of managers in different roles in the firms (19 business and 16 IT). The discussions examined the perceptions of participants in relation to their interaction with their opposite numbers in the other group. This data was supplemented by a questionnaire targeting both business and IS respondents in the in-scope firms. Questionnaire responses were received from 46 business and 48 IS managers. The questionnaire offered a series of statements for each attribute and used a 7 point Likert scale from “strongly agree” to “strongly disagree”. The questionnaire data was analysed using statistical methods.

Qualitative data was analysed for themes which were distilled into a coding framework against the conceptual framework.

## **5 Findings**

### **5.1 Components of trust**

Trust is made up of a belief in the other party’s integrity, their reliability in terms of delivering, open engagement of the other party, a perception that their attitude to risk is appropriate and that trust is generated through honesty.

Belief in the integrity of the other party is made up of a complex set of attributes relating to how one team believes the other team perceives them, for example, whether they believe that other team trusts them to keep them in the picture regarding future plans. Reliability is an indicator of the level of trust which the respondent sees in the delivery of the other party to do what they claim and on time. Open engagement relates to knowing how to work together, respecting each other’s arguments and sharing assumptions. Willingness to take risk is associated with respecting each other’s approach to risk taking. Finally, generating and receiving trust is about

perception of honesty and regard for each other, even when dealing with difficult matters.

## 5.2 Interview discussions of trust

Each group was keen to discuss elements of trust, for example, was the other team perceived as trustworthy or willing to share confidential information. Table 2 below shows a summary of the responses.

<b>Aspect of trust</b>	<b>Business response</b>	<b>IS response</b>
Importance of trust	Business felt that being trusted was integral to the relationship and that it combined with loyalty which was underpinned by support and respect.	the bi-directional nature of trust and how it is built over time.
	Trust was a necessity for business success	Smaller firms remarked that their relationship with the business was generally founded on trust creating greater job satisfaction and improving the relationships in the firm
Feeling empowered	Smaller firms, the business tended to feel empowered and placed a great deal of faith in their IS organisation.	Larger firms do not feel empowered or understood and felt little valued
Feeling understood	All understood the frustration experienced by their functional IS teams in delivering beyond their direct control.	Smaller firm, find their business counterparts are irritated by controls and processes

Sharing goals, perspectives and sensitive information	Business tended to find that IS did not share their perspective believing that they are naturally different. This was more pronounced in larger firms	Limited sharing of goals. IS sometimes believed they were excluded from confidential information.
	IS generally seen to be business focused in smaller firms.	Business were not perceived to be interested in IT solutions.
	Smaller firms believed that IS was kept well informed and in a timely manner.	Smaller firms believed that they were normally involved and understood that they might occasionally be left out for commercial reasons.
Trustworthy and trusted interactions	All found a readiness to own up when a problem occurred and regarded that as a helpful way of moving towards a solution, not seen as a personal issue and it was supported by helpful explanations	Found that the business was mainly honest about problems there were occasions when business errors were still seen as technology problems.
	Business believed that IS did not avoid difficult issues	Difficult issues were sometimes seen as not worth exploring / understanding

	Feel trusted by IS	IS had a weaker belief in the trust of their business counterparties. For IS, building those relationships required some effort and that the business needed to grant trust to IS.
Development of trust over time	Where prior relationship existed tended to believe that there was good mutual understanding but were poorly understood in the wider organisation where they had little clarity on how decisions were made.	Both parties found that trust was built over time and was engendered by successful interaction.
	Long-standing relationships were qualitatively different and more valuable	Long-standing relationships were not seen to be particularly valuable.
Decision making and risk taking	Decision making by IS well-regarded by the business in all the firms when they looked at investment management specific functions.	Perception that the business was often ill-disciplined in each of the firms and even capricious.
	Promotion of benefits in a trustworthy manner	

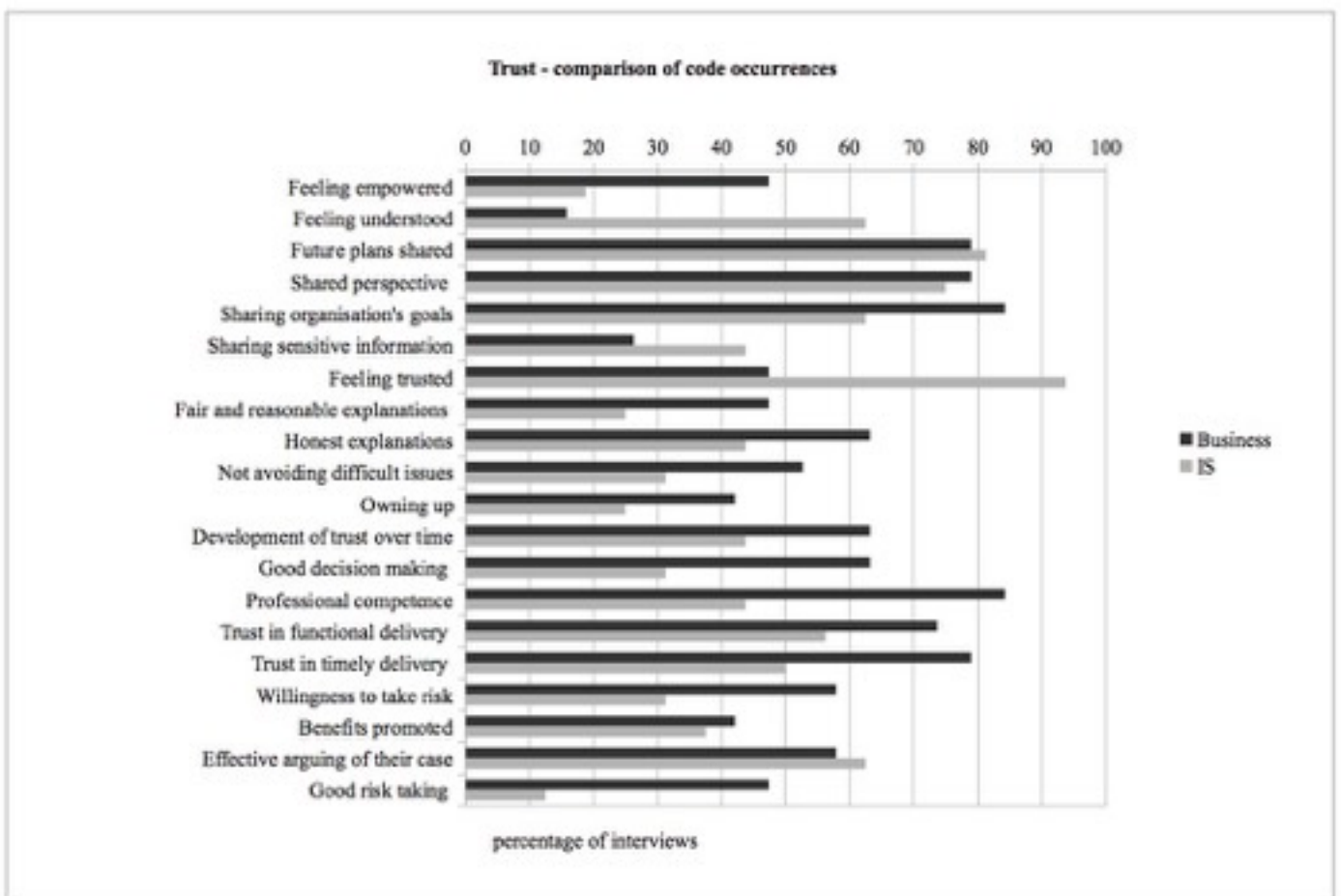
	Interviewees stressed that the nature of the sector tended to make people fairly risk averse and that it was appropriate that IS should be reluctant to take on risky activities.	Risk-taking was not discussed
	Found that IS tended to be a overly optimistic and overstate the upside risk.	Business often did not examine risk for IS initiatives.
	Process was sometimes seen as opaque	Business did not appreciate the need for process
	Effective arguing of their case	Business sometimes seen to be bullying rather than arguing case effectively.
Delivery - Professional competence, timeliness	Business respondents tended to be more concerned with appropriate functional delivery rather than timeliness. Where they were not able to achieve they were honest about any problems.	IS expected the business to deliver specifications and resources for activities such as testing and spoke of frustration at the lack of engagement in each firm with little motivation and discipline.

**Table 2. Comparison of trust discussions**

### 5.3 Code occurrence in interview data

The instances of attributes or themes were coded and analysed for frequency. However, this is of limited use since it does not show whether the interviewee regarded the other team positively or negatively according to any one attribute, simply that they mentioned that attribute during the course of the interview. The existence of code co-occurrence was also analysed. For the IS interviewees, there were 23,512

instances of code co-occurrences of which 105 were seen in 75% or more interviews. In the case of the business interviewees, there were 39,445 instances of code co-occurrence of which 488 were seen in 75% or more interviews. Higher code co-occurrences were seen in the longer interviews and the business interviews tended to be longer so this intensity may simply be a function of interview length. Figure 2 below shows a comparison of code occurrence for the trust dimension.



**Figure 2. Trust - comparison of code occurrences.**

#### 5.4 Comparison of responses and intensity of remarks

Neither the code co-occurrence data nor the actual number of responses offer insight into whether a participant had either a positive or negative view on the topic or the strength of their reaction. The occurrence of a code does not indicate whether it was

discussed in a positive or negative way. To overcome this, each response was scored with a permitted score from -3 to +3 with a default of zero. This allowed the coding of extracts to be given greater depth according to whether the interviewee discussed the subject positively or negatively with insight into the intensity of their opinion. These are clearly subjective scorings based on the perceived intensity of the expression of the interviewee by the interviewer and are highly interpretative. These scores for each code were then weighted by the frequency with which the code was discussed. For example, when discussing project process, one business respondent commented is a reasonably strong and positive view.

*“I think that it’s quite valuable to have a process so that decisions can be talked through.”*

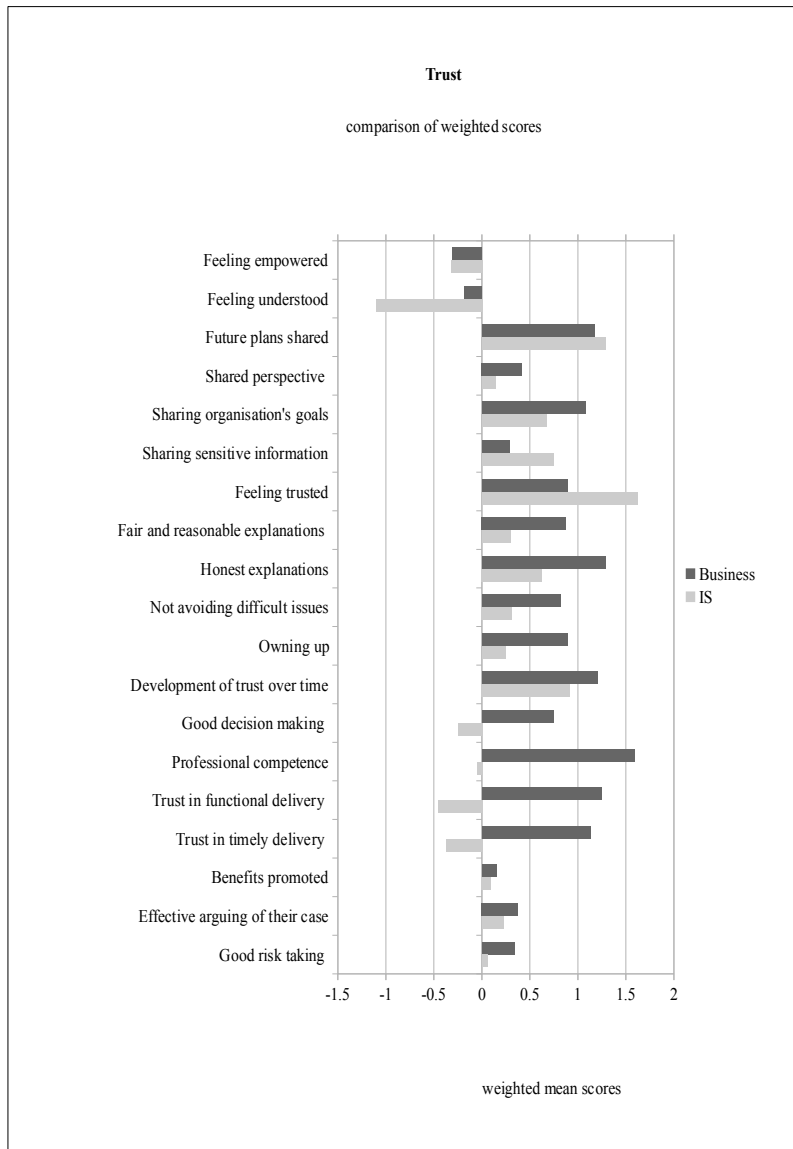
By comparison, another business respondent remarked

*“There seem to be lots of forms and each project has lots of meetings. Some of that is really useful so we can really decide what we want but some of it just seems to be meetings for meetings sake. I don’t really understand “*

The intensity and direction expressed above might give the first comment a +3 and the second a score of -2.

Figure 3 below shows the responses for the trust dimension.





**Figure 3. Trust- comparison of mean scores between Business and IS.**

### 5.5 Analysis of questionnaire data on trust

Looking more deeply into the themes and attributes shown in Table 2 above, the areas of most noticeable difference occur in their mutual views of the link between reliability and belief in the integrity of the other where the business find a much stronger link than does IS.

Value and integrity refers to the way that each team believes that the other team sees them in terms of honesty and how well they share a perspective. They largely concur with each other that they communicate well and share information and goals with the

proviso that the IS teams believe that they go some way further to understand the perspective of the business.

Reliability refers to how each team regards the other demonstrating reliable behaviour through taking responsibility for failure, functional delivery and confidence in their decision making process. Indeed, 17.4% of business respondents disagreed or strongly disagreed that their IS counterparts could be trusted to deliver on schedule. From the IS point of view this was even worse : 25.0% of respondents disagreed or strongly disagreed that the business could be trusted to deliver on schedule and 16.7% disagreed or strongly disagreed that the business could be trusted to deliver on functionality.

Willingness to take the initiative or to take appropriate levels of risk explores the way that they see the other team behaving through their attitudes towards promoting initiatives and towards risk. Only one-third of the business respondents and less than one half of the IS respondents believed that the other team had a positive attitude towards any aspect of this attribute. On a marginally more positive note, there were very few negative responses in this area.

Generating and receiving trust is another area where there is a difference in perception. Although they each believe that the other team does not shy away from difficult issues and their readiness to explain to the other party why their expectations have not been met, they do not share a view on how they interact. There were almost no negative responses from the business in contrast to the IS respondents where 10.4% of the respondents did not find that the business explained things honestly and 27.1% found that no effort was made by the business to explain why expectations have not been met.

Neither team was considered to be very reliable when considering delivery on schedule with about 40% of the respondents believing that the other team did not deliver on schedule. In terms of owning up to failure and functional delivery, the business respondents tended to find their IS counterparts were decidedly more reliable than the IS team found the business. They shared a poor regard for the effectiveness of each other's decision making. This is a deeply negative picture of each other.

The business appears to find that IS is less engaged in risk-taking: IS is seen as less enthusiastic to promote initiatives even though they are beneficial and does not have an overwhelmingly positive attitude towards risk-taking. By contrast, IS finds the business has a more healthy attitude towards risk, enthusiastically embracing beneficial initiatives. Again the business is perceived as prosecuting their case more effectively than their IS counterparts. Looking back at decision-making, they shared a respect for each other's decision making process so it appears not to be a factor of the process but rather of their persuasiveness.

Both teams show a relatively low regard for the honest interaction of their counterparts. The IS organisation is rated more highly by the business than the business is regarded by IS when considering the level of honest interaction. However, in the looking at the strength of feeling, the business tends to hold the IS organisation in much higher regard when considering honesty and integrity.

Table 3 below shows a summary of their perception of each other when considering trust.

<b>Perception of the behaviour of the other team</b>	<b>Business</b>	<b>IS</b>
confident that they will be kept each in touch with future plans	32.6%	68.8%
putting in significant effort to understand each other's perspective	32.6%	41.7%
belief that they share the goals of the firm	67.4%	64.6%
belief that they share sensitive information	41.3%	50.0%
taking responsibility for failure	41.3%	33.3%
delivery on schedule	17.4%	27.1%
functional delivery	21.7%	22.9%
decision making process	28.3%	25.0%
promoting initiatives	32.6%	45.8%
risk	32.6%	45.8%
effective at arguing their case	31.3%	30.4%
offering honest explanations	43.5%	39.6%
not avoiding difficult issues	32.6%	35.4%
explanation of why expectations have not been met	37.0%	37.5%

**Table 3. Comparison of trust perceptions**

### **5.6 Comparison of trust in the context of the social capital framework**

The conceptual framework proposed a tiering effect and, therefore, it was anticipated that the framework would show greater consistency if analysed by tier rather than in its entirety. Regression analysis demonstrated this tiering effect for the business as expected and the table below shows the behaviour for the dimension of trust for the Business respondents when analysed for the dimensions in Tier 1 (Network

relationships, shared norms, reciprocity expectation and trust). Greater trust arises when driven by shared shared norms.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-0.175	0.483		-0.361	0.720
	RE	0.325	0.139	0.326	2.346	0.024
	NW	0.209	0.099	0.235	2.121	0.040
	SN	0.409	0.125	0.401	3.272	0.002
Predictors: (Constant), NW, SN, RE		Dependent Variable: TR				
Adjusted R Square				0.705		
F	36.904	Model Significance		0.000		

**Table 4. Business regression analysis Tier 1 and Tier 2- Dependent variable-Trust**

This was extended to Tier 2 (collective efficacy, reciprocity expectation and trust)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-0.002	0.517		-0.003	0.998
	RE	0.525	0.122	0.526	4.321	0.000
	CE	0.409	0.136	0.365	2.998	0.005
Predictors: (Constant), CE, RE		Dependent Variable: TR				
Adjusted R Square				0.667		
F	46.157	Model Significance		0.000		

**Table 5. Business regression analysis Tier 2 and Tier 3- Dependent variable-Trust**

However, similar findings were not demonstrated for the IS respondents where network relationships were not found to promote trust or reciprocity expectation. Since Network relationships did not appear to be as influential in the IS data as in the business data, further analysis was undertaken to examine the dimensions excluding Network relationships. In this case the most significant relationships were found where Trust was the dependent variable and Shared Norms, Collective Efficacy and Reciprocity Expectation were the independent variables as shown in the table below.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-3.586	0.662		-5.417	0.000
	RE	0.587	0.203	0.377	2.886	0.006
	SN	0.515	0.206	0.306	2.497	0.016
	CE	0.435	0.183	0.279	2.376	0.022
Predictors: (Constant), SN, CE, RE			Dependent Variable: TR			
Adjusted R Square					0.777	
F	55.743		Model Significance		0.000	

**Table 6. IS regression analysis excluding network relationships : Dependent variable-Trust**

Higher levels of trust are promoted by reciprocity expectation and collective efficacy. The framework proposed that collective efficacy would be the outcome of both trust and reciprocity expectation but the data suggests that trust is the natural outcome of mutual obligations and working in partnership to achieve goals. Looking more deeply into the interview data, there is evidence that the IS community experiences a much lower level of trust in their business counterparts than vice versa. Generally they have a poor opinion of the business's trustworthiness in terms of reliability (Collier 1998) and openness (Ouchi 1981).

However, where they have positive experiences of effective collaboration and an exchange of benefits and convergent interests, they are prepared to have a greater belief in the trustworthiness of the business. Where the relationship was mediated by collective efficacy, trust appears to be the ultimate outcome for IS.

## **6 Discussion**

In the interviews, both business and IS interviewees found the ability to access long-standing relationships valuable although this was more important to the business participants who often referred to the value of those long-standing relationships in enabling them to access organisational structures which they saw as complex and overly bureaucratic. For IS, there was also clear value in building long-term

relationships, knowing decision makers and influencers but only as a means of enabling people to do their job. Burt (1992) suggests that communication is much more than the simple transmission of information at a single point in time. He talks of information benefits which broaden and deepen social capital as access, timing, and referrals. If communication and information flow only satisfies the first criterion of access then the next steps may not be achieved and the development of trust as an "expectational asset" (Knez and Camerer 1994) may be overlooked. Whereas the business saw it as a means of building bridging social capital, IS saw it in instrumental terms only and it did not appear to add to their stock of trust. For example, when considering communications, inter-group communications were recognised as important and valuable by both communities, especially the business. For the business communications is seen as a bridging activity leading to a deepening quality of the relationship enabling broader access, sharper timing and deeper referral. But for IS, it is simply a way of telling the other team about events and changes while having greater expectations of access, timing and referral. This ambivalence leads IS to often hold conflicting expectations of the relationship : they say that they are service providers but appear to yearn for another, deeper partnership. Szulanski (1996) identifies this ambivalence as an obstruction where resistance to the dissemination of knowledge throughout an organisation may lead to a failure to optimise timing and referrals.

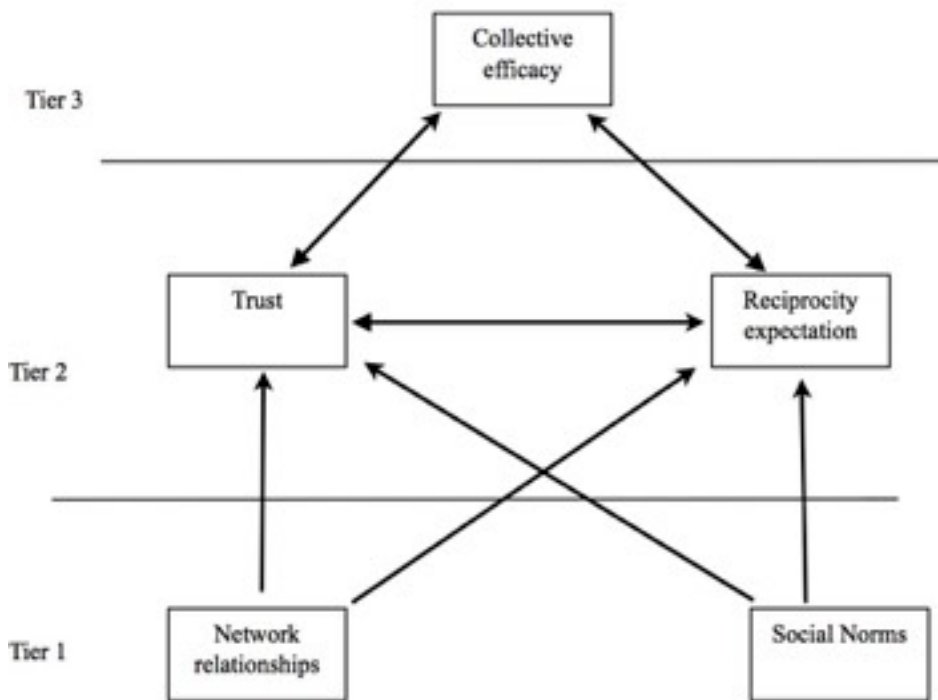
## **7 Conclusions**

The following are the main conclusions which have emerged from the trust aspect of this research:

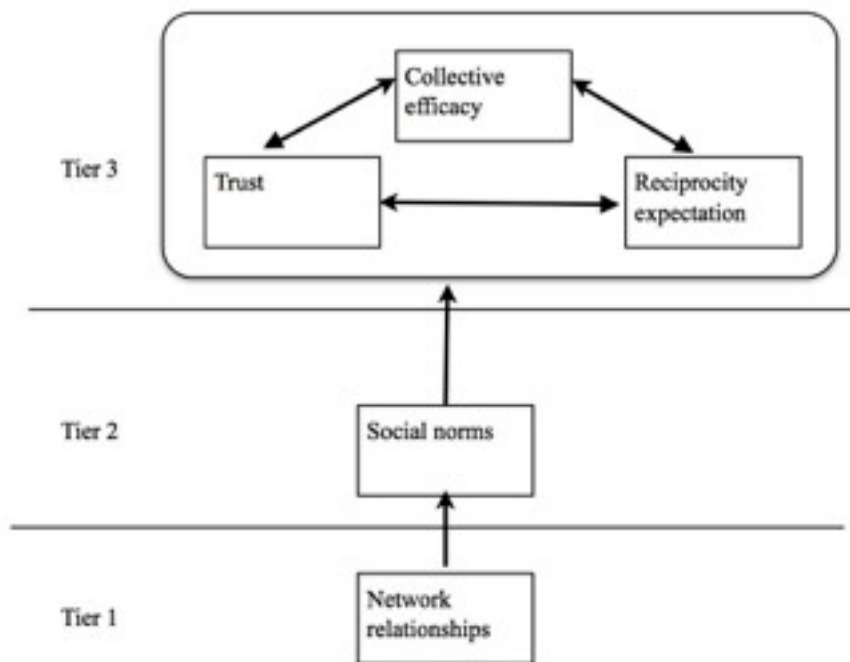
### **7.1 Dimensionality of social capital**

A strong level of feedback was seen once there was evidence of trust suggesting that if organisations put effort into activities which create alignment at the lower tiers, this will start to pay dividends in improved performance. The findings from the four case studies provide empirical evidence of the impact of trust on social capital and its impact on alignment.

Suggested revised frameworks placing trust at the heart of the framework are shown below, each showing the feedback that appears to occur around trust.



**Figure 4. Revised dimensionality of social capital for the business**



**Figure 5. Revised dimensionality of social capital for IT**



## **7.2 Differing perceptions of trust**

Trust is an area where problems of perception arise. The business tends to have a good impression of the reliability and integrity of the IS function but those impressions are not as deeply held by the IS teams. While the IS teams tried hard to build trust with the business by managing process and risk for the firm, relationships were only seen as important as conduits to effective delivery and were not perceived to have any trust-building value in their own right. This was in sharp contrast to the business where such network associations were critical to having and maintaining good trust-based relationships.

The paper demonstrates that, while the participants generally believe that they get on well with each other, there is nonetheless level of misunderstanding and miscommunication in their relationship, irrespective of whether the firms are large or small. This is consistent with the discussion in the literature where misunderstanding of the other's function and of their knowledge was frequently seen to be a problem. These misperceptions lead to lower levels of trust and alignment is negatively impacted by these differences in perception.

The data suggests that the genuine level of alignment which creates collective efficacy or superior performance, is found in the transformational tier, that is the combination of trust, shared norms and reciprocity expectation.

## **8 Contribution to research**

This study takes a new approach to the analysis of alignment. It contributes to the understanding of the strategic alignment debate and illuminate the areas of difficulty in creating the conditions for alignment.

The study looked at the way that the trust dimension of social capital was built between business and the IS function rather than having a focusing solely on the interaction of the CIO with their peers. This study extends the body of knowledge on alignment by looking inside the firm at the resources that trust based social capital

creates in order to look for a resource-based view of alignment as a dynamic capability.

The different feedback mechanism which can be seen in figures 4 and 5 suggest a different perception between business and IS. In examining the differences between the business and IT perception of each other when considering how they achieve alignment, there was a great deal of evidence that they did not look at each other in the same way nor did they share the same perspective on a number of issues. This was clear in their views on the way that they perceived of trust and integrity.

When this problem is looked at as a fundamental difference in perception, then the study offers a clear and unique insight. For IS, alignment is a process which is managed through structure, formal networks and the management of outcomes. As a process it can be controlled and replicated. When looked at from the business side, alignment is a social construct and is managed less through reporting lines and more through informal relationships and the management of expectations. Thus this paper concludes that the business sees alignment as a social and experiential construct whereas it is regarded as a process by IS.

## **9 Contribution to practice**

This paper offers insight and direction to practitioners who are seeking to improve business - IS alignment in their organisations by offering them insights into the impact of social capital and the way that trust may be built between the two departments.

## **10 Limitations**

### **10.1 Selection of cases**

This study was highly constrained by the availability of participant firms. Ideally, there would have been a greater selection for the final four participant firms which may have provided a more representative sample and allowed the researcher to eliminate one of the smaller firms in favour of a medium sized enterprise.

## **10.2 Access**

The IS interviews tended to take about one hour whereas business interviews often went on longer. If the interviews were shorter, it is impossible to know if something insightful was missed by not being able to explore the subject for longer. Where the researcher was aware that it was not possible to continue the interview, the *aide memoire* was used to try to cover remaining topics. It was not possible to know if these topics would have been raised if it had been possible to make these interviews longer or if they were not particularly relevant to an individual interviewee.

## **10.3 Questionnaire data**

Although the questionnaire achieved a 42.5% hit rate for the business and 57% for the IS respondents, it was nonetheless a small sample. In such a small sample, the data may be skewed.

## **10.5 Generalisability**

Since qualitative study places an emphasis on individual experiences, it should be expected that there is not necessarily any generalisability. Despite the small size of both the interview population and the number of survey participants, there was a great deal of consistency in the results.

Although there is a limited case for some generalisation of the findings to other firms in the same sector, those findings should not be considered transferable to other sectors which have different competitive pressures or dependence on technology.

## **10.6 Interpretation**

In an interpretative study operating in a naturalistic environment, it may be difficult to achieve consistency of the interpretation of the findings. The statement of a participant is subject to two perspectives : that of the interviewee and the researcher. The outcomes are, therefore, highly interpretative and this should be borne in mind when reading the findings.

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