

Supporting Factors of IT Business Alignment at Indonesian IT Companies

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INTRODUCTION

The lack of alignment between IT and business strategy is the main reason why an institution or company fails to realize the main potential of the IT investment they make. Conversely, institutions, or companies that align IT with their business strategies, have excellent overall business performance. The absence of alignment also causes a loss of opportunity to gain competitive advantage, increased expenditure so that it can add to the adverse impact on IT investment.

Recognizing the importance of aligning IT with these business strategies, many researchers have examined how to obtain or achieve this alignment. There are IT alignment models with well-known businesses such as the Strategic Alignment Model (SAM) proposed by Henderson and Venkatraman, Integrated Architecture Framework (IAF), Luftman's Alignment Model (LAM) introduced by Luftman, Reich & Benbasat

The majority of the above studies were conducted in countries in the Americas. Differences in geographical location, culture, population, and countries where the research is carried out more or less influence on how companies in these countries achieve harmony. IT problems faced by a country are likely to be influenced by economic structure, national culture, political/legal environment, and technological status. Besides, in any research area, different participants can have diverse opinions. Cultural aspects have an impact on various assessment variables of IT Business Alignment maturity. Countries with different cultures may obtain different alignment yields.

Indonesia is a country rich in culture. Based on data from the Indonesian Ministry of Home Affairs published in the Indonesian Statistics Book, Indonesia has 16,506 islands, 1340 ethnic groups, and 1331 regional languages. This diverse Indonesian culture influences the strategic alignment of companies in Indonesia. This was proven in a study conducted by Riandari, who concluded that the maturity of Business and IT Alignment was more influenced by Indonesian culture itself. There is still very little research related to alignment models in Indonesia, especially in Indonesia.

This study aims to determine the supporting factors of the alignment of IT companies in Indonesia, especially in Yogyakarta. This study uses the basic alignment of the Strategic Alignment Model (SAM), which is the basis for investigating and extracting information from sources.

METHODOLOGY

This research used a qualitative approach. A qualitative approach was adopted because this research requires a detailed understanding of the issues discussed [29]. Samples were selected using convenience sampling method. There were three companies in Yogyakarta that were the object of research. Previously five companies were contacted to be the resource persons for this research, but only three were willing to be interviewed.

Data collection was conducted from April to September 2019. Data were collected by conducting in-depth interviews with IT / Business managers from the three companies. Interviews were conducted 2-3 times for each informant, with an average duration of two hours. Data collection was stopped when the data is saturated (saturated), or no new information is obtained. All interviews were recorded and then transcribed.

The theory used as a basis for gathering information from sources was the Strategic Alignment Model from Henderson and Venkatraman. Before conducting the interview, the keywords were identified in each of the variables in the above theory. These keywords were used as a guide in conducting interviews. Interviews are conducted without using a list of questions but by discussing each keyword that is in each variable. The questions raised are open-ended. Resource persons are free to say anything in accordance with the keywords that had been identified previously. The results of the interviews that had been transcribed are then made into coding and then analyzed the pattern.

RESULT & DISCUSSION

From in-depth interviews with informants and the results of the pattern analysis of the coding it was found that there was a change from the alignment model formulated by Henderson and Venkatraman.

a) Products support Distinctive Competencies

i) The products offered have distinctive features that are in line with customer needs.

ii) Although the product offered may be similar to the product offered by competitors, the company applies product differentiation.

iii) Product Innovation matches and even outperforms competitors.

b) Manager support supports distinctive competencies

i) Top Management's support for employee development will form an atmosphere or culture of learning new things in order to do their jobs and in the future stimulate innovation that supports the organization's unique competencies.

c) Manager's softskill support distinctive competencies

i) Manager's softskill affects project success.

d) Product pricing supports distinctive competencies

i) Customer-oriented product pricing strategy (Value-Based Pricing) allows companies to position how their products want to be seen by customers.

e) Vision and Mission Statement supports business scope.

i) The Vision and Mission Statement states the company's positioning.

ii) Vision and Mission supports strategic planning success.

f) Partnership supports Organizational Process

i) The company's business scope is getting more extensive with the partnership with other parties.

g) Partnership supports Organizational Process

i) Partnership supports the organizational process by making the company more focused on the company's core business.

CONCLUSION

Information Technology is a very strategic thing for a company's business strategy. Managers in the IT and business fields are now paying much attention to aligning IT with business strategies. The lack of alignment between IT and business strategy is the main reason why an institution or company fails to realize the main potential of the IT investment they make. Recognizing the importance of aligning IT with the business strategy, many researchers have examined how to obtain or achieve alignment, but research on the existing alignment model is predominantly conducted in countries in the Americas.

Differences in geographical location, culture, population, and countries where the research is carried out influence on how companies in these countries achieve harmony. This diverse Indonesian culture influences the strategic alignment of these companies in Indonesia. This study uses a qualitative method with in-depth interviews with three companies in Yogyakarta to investigate the factors supporting the alignment of IT and business in companies in