



## **Chapter XVI**

# **Explaining Information Systems Strategic Planning (ISSP) Behavior: An Empirical Study of the Effects of the Role of IS on ISSP**

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## **ABSTRACT**

*Contingency theory suggests that various environmental, organizational and managerial factors will influence an organization's approach to IT management. This chapter discusses the contingent nature of information systems strategic planning (ISSP) practices and presents the results of an empirical study of ISSP and the role of IS within 90 leading companies in South Africa. Results of a partial least squares analysis demonstrate the significant effect that perceptions of the future strategic role of IS within an organization have on ISSP behavior. Moreover, it was found that those organizations in the strategic quadrant of the McFarlan grid emphasized ISSP activities, committed more resources to the ISSP process and attributed greater importance to ISSP-business strategic planning integration*

*mechanisms, than those organizations in the other quadrants of the grid. The relationship between ISSP and IS function performance was also significantly higher for firms in the strategic IS environment.*

## INTRODUCTION

Information systems strategic planning (ISSP), also referred to as strategic information systems planning (SISP), was born in response to concerns over the missed opportunities and wasted resources that result from lack of sufficient attention to long-term strategic IS plans (Edwards, Ward & Bytheway, 1991). Thus, by helping organizations avoid investments in IT systems that do not serve the business or its strategies, ISSP has become an important component of an organization's IS management agenda and is frequently described as a key IS management issue (Galliers, Merali & Spearing, 1994; Brancheau, Janz & Wetherbe, 1996; Watson, Kelly, Galliers & Brancheau, 1997; Gottschalk, 2000).

It is not surprising, therefore, that with a view to helping firms do more effective planning, most of the scholarly efforts in this area have focused on conceptualizing ISSP (McLean & Soden, 1977; King, 1978), discussing methodologies and frameworks for structuring the ISSP process (Hayward, 1987; Earl, 1989; Lederer & Gardiner, 1992; Min, Suh & Kim, 1999), examining factors critical to the success of ISSP efforts (Lederer & Sethi, 1991a; Ang & Teo, 1997), identifying planning problems (Lederer & Mendelow, 1987; Lederer & Sethi, 1992), and providing planning guidelines (Lederer & Sethi, 1991b; Lederer & Sethi, 1996). Limited attention, however, has been devoted to examining and understanding the extent to which ISSP process characteristics, design decisions and behavior conform to environmental and organizational contexts, or understanding the conditions under which various ISSP process characteristics are likely to emerge. Even most recent attention remains focused primarily on explaining planning success rather than planning behavior (Basu, Hartono, Lederer & Sethi, 2002).

This chapter addresses the above imbalance and, guided by the contingency perspective, seeks to examine whether ISSP behavior varies systematically with an important organizational factor, namely the role played by IS within an organization. Despite Weill and Olson's (1989) criticism, contingency theory remains the dominant epistemological leverage (Ansoff, 1984) in studies of management and information systems (IS) management. In the study of ISSP, contingency theory is particularly useful in understanding the various environmental, organizational and managerial factors that dictate the extent of IS planning taking place and the appropriateness of various IS planning systems (Cohen, 2001a). Although it is recognized that ISSP process characteristics will respond simultaneously to a number of contextual factors, it is not the objective of this chapter to identify a comprehensive set of contextual factors that may

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