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Digital Capability for Practice: Implications of Appreciative Systems Model on Analysing Organisational Strategies

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Context

• IT-enabled innovation continue to disrupt the logic of value, organization and competition in a growing number of industries.
  • Inherent reach and richness of digital transactions facilitate new organizational forms, opt for leveraging external resources and capabilities.
  • IT-enabled value propositions are increasingly more complex and often created, delivered and captured in complex cross-industry networks.
  • Nimble is the new normal, firms have to constantly reevaluate and calibrate their strategic intentions.
• Emerging research in the strategic information systems discipline seek to conceptualise and theorise the relationship between organizational and IS strategies.
Emerging themes: Strategy as practice

- Strategy is a fluid concept that signifies what an organization does, not something that it has.
- Strategizing refers to the practice of formulating and deploying strategic intentions against the rapidly evolving strategic landscapes.
  - It involves balancing exploration and exploitation activities to be simultaneously innovative and effective.
  - IT-enabled Co-exploration and Co-exploitation
- Strategic intentions are executed through the configuration of the firms business model, which in turn is operationalised via IS/IT
Background: Business Model Reconfiguration

• Business model is defined as ”elucidates how an organization is linked to external stakeholders, and how it engages in economic exchanges with them to create value for all exchange partners” (Amit and Zott 2007)

• Design elements of the Content, Structure, and Governance define the configuration of a business model
  • Business model reconfiguration is understood as altering such configurations for operationalizing emerging strategic intentions

• Empirical evidence suggests that no all firms manage to reconfigure their business models
  • Stagnant organizational structure, processes, etc.
  • Rigid configurations of IS/IT assets
Background: Digital Capability

- Digital resources are not a source of competitive advantage, the way that companies deploy and utilise them can lead to sustained competitive advantage.

- Digital capability reflects on the organizational ability to identify IT-enabled opportunities and deploy digital resources to exploit them.
  - A collection of organizational routines, practices, and knowhow for strategizing by virtue of digital assets.

- Digital capability is composed of several IS competencies, each of which facilitate certain function, or strategic reactions (Pepard and Ward 2003, 2016)

- As organizational capabilities are depreciating in nature, firms strive to increase their digital capability, i.e. develop new IS competencies
Problem Statement

- The accumulated knowledge, mostly conceptual accounts, lack consistency and rigor due to the holistic nature of the constructs and lack of consensus about research methods and more importantly a unifying unit of analysis.
  - Overlapping concepts and constructs
  - Lack of harmonised theorising
  - Lack of comprehensive insights for practitioners
  - Longitudinal studies that tend to generate huge amount of data, which make data analysis compiled
Empirical setting

• An insurance company with operations in a selected countries across the Europe, Middle East and North Africa.
• Data Gathering took place between 2015 and 2016
• Empirical data covers the time period between the 2008 to 2016
• Interviews and document analysis
Analytical devise: Appreciative Systems Model

Appreciative Systems Model adopted from Checkland (1999)
Empirical findings
Results

Events:
* Changing Competitive Landscapes
* Internal Situation
* Technological Change

Ideas:
* Business Trends
* Market Response

Appreciation
Strategic Intentions
Partners' Digital Capability

Action
Strategic Realisation
Business Model Reconfiguration
IS Competency Generation

Enriched Digital Capability
Conclusion

Digital capability

Business Strategy → Business Model Configuration → IS Strategy

Back arrow connecting Business Strategy and IS Strategy.
Implications

• For practice
  • IS investment portfolio management
  • IS competency development
  • Bidirectional relationship between IS competences and organizational strategies

• For research
  • The Model can be used as a methodological guideline