

STRATEGIC INFORMATION SYSTEMS PLANNING IN SAUDI ARABIAN BANKING SECTOR

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Abstract:

Strategic information systems planning (SISP) is important for many organizations. It allows organizations to implement their information system in a more effective way. The literature showed that there is a lack of researches in the field of SISP in banking sectors, especially in Arab countries. Therefore, this research-in-progress paper studies the status of SISP in Saudi Arabian banks to provide guidelines that will help banks to use IT more effectively in order to support their strategic objectives.

Keywords: Strategic planning, strategic information system planning, information technology planning, strategic alignment.

Introduction:

Information System (IS) is becoming an essential part of the organization. And IS consider now an important asset for the organization and supporting organizational strategies (Budiman and others, 2018). Top management moves to focus on strategic information system planning for identifying which information systems and applications needed to achieve their business and strategic goal, this is called Strategic Information System Planning (SISP). The focuses on the importance of Information system strategic planning increase since 1980. And it has been essential planning activity for top management not only IS department related issue

(Maria, and Fotis, 2019) So, this will produce more involvement and commitment from top management which provides greater success chance of SISP (Hughes and others, 2017). SISP is defined as “an organization develops the ability to create and absorb key technologies in order to promote competitive strategies through the driving action of innovation and support its strategies” (Davoudi, Seyed, 2018). The main objectives provided by SISP is improving the efficiency of internal operations and decision making (Youngjin and others, 2010), improve innovation by offering innovation digitalize product and services (Bakar and others, 2013) that will affect positively for the organization by providing competitive advantages (Alshubaily and Altameem, 2017). SISP also helps to improve the organizational performance by aligning the IS strategy plan to support the organizational strategic plan (Alawan and Weistroffer, 2012) And increase profitability by aligning the IT investments with strategic objectives (Budiman and others, 2018).

A Bank is an organization that carries the role of financial intermediary (Rybczynski, 1997) strategic information system planning (SISP) becomes more important in the banking sector (Alshubaily and Altameem, 2017) especially in the move to internet-based services. The importance of SISP in the banking sector will be displayed clearer in the literature section that includes studies from many countries including South Korea (Bajaber and others, 2016) USA (Tallon, 2010).

This research-in-progress paper shows the status of SISP in Saudi Arabian banks. The selection of Saudi Arabia is because the strategic planning in Arabian countries is growing and the focus of SISP increased (Esam, 2010).

The research aims to achieve two objectives: First one is to understand and describe the current status of SISP of Saudi Arabians banks and the second objective is to develop guidelines for SISP in the banking sector in Saudi Arabia. A survey is used to achieve this research-in-progress objective. It is a combined taken from (Pavri and Ang, 1995) and (Farantos and others, 2016) then modified by us. This is incomplete research, but it comes to fill part of the gap of SISP in Saudi Arabian banks.

This research comes to fill the gap in this area. Based on previous studies (Albadri, 2018) there is a lack of research that understands SISP in the Saudi Arabian banking sector and develops

guidelines for them. These done in other sectors include the educational sector (Alawan and Weistroffer, 2012) and the health sector (Rakibul and others, 2016) (Farantos and others, 2016). The scope of this research is the Saudi Arabian banking sector. The result of this research is guidelines that will help banks to use IT more effectively in order to support their strategic objectives.

The paper is divided into three parts. The first part is an introduction. Second, an overview of the related researches. And third is about the research methodology.

Related studies:

The importance of SISP:

Many studies show the importance of SISP for organizations. SISP helps organizations to gain more leveraging of their resources and provide a clearer future view (Bajaber and others, 2016). It provides a competitive advantage for the organization and increases IT innovations. SISP also increases the efficiency of operations and services (Altameem and others, 2014). SISP provides alignment for the organization by aligning the IT investments with strategic objectives strategic advantages over the competitive forces (Alshubaily and Altameem, 2017). And it supports the integration for organizational units (Esam, 2010). So SISP helps organizations to reach their goals (Grover and Albert, 2005).

There are six important dimensions of the SISP process that are:

1. Comprehensiveness: how the organization attempts to be comprehensive in integration and decision making.
2. Formulation: the structure, techniques, procedures, and policy that guide the planning.
3. Focus: focus to remain balanced during planning between creativity and control.
4. Flow: the flow of responsibility during planning.
5. Participation: parties who are involved during planning.
6. Consistency: need when frequent planning for evaluation of options (Grover and Albert, 2005).

To develop SISP, methodology might be used. Methodology brings to gather tools, techniques, and framework to solve the problem (Rogers and Charles, 2002).

SISP in the Banking Sector:

In the last few years, banking sectors start to implement SISP for many reasons (Bajaber and others, 2016). The main reasons are to increase the profit and decrease the cost of IT investment in an effective and innovative way (Bajaber and others, 2016). By considering SISP as an important issue for any financial institution, top management now consider SISP as a critical aspect of focus. The main concern of SISP is to ensure that the information systems strategy is aligned with the organization's strategy (Alawan and Weistroffer, 2012).

In the Banking sector, SISP is concerned to ensure that the bank's IT investments are aligned with the bank's business strategy (Alawan and Weistroffer, 2012). By implementing SISP in the banking sector, it gives the ability to get a competitive advantage over competitors, increase the profit, and market share (Tallon, 2010), (Alawan and Weistroffer, 2012). SISP will help banks to maximize productivity, improve customer service and decrease the cost of the processes (Alawan and Weistroffer, 2012).

In South Korea implementing an effective SISP in the banking sector helped to make the integration process of the system easier as well as the upgrading of the integrated system (Bajaber and others, 2016) In USA, SISP helps banks to improve their performance in general including the customer service (Tallon, 2010).

SISP in Saudi Arabia:

The adoption of IT making growth across countries. Move to IT investment in the kingdom of Saudi Arabia increases in recent years so, these investments bring for us a 'new economy'. These investments occur in all industrial and commercial sectors. Saudi Arabia considered now as the largest investments in IT in gulf region. The growth of IT investments in Saudi Arabia is expected to increase every year (Al-Mallki and Al-Khalidi, 2013). in 2000 Saudi Arabia increased its import of computer devices by 2.5% than the previous year (Al-Maliki and

Al-Khalidi, 2013). The value of the IT investment market in Saudi Arabia equals \$3.4 billion in 2008. In 2014 IT investment growth to be approximately \$29 billion. And at the end of 2018, the IT investments exceed \$36 billion according to reports issued by the communication and information technology commission of Saudi Arabia.

The area of this study is the current status of SISP in Saudi Arabian banks. In Saudi Arabia there are 24 banks, 12 of them are local Saudi banks and 12 of them are branches of foreign banks.

This published research (Bajaber and others, 2016) presents an overview of SISP in the banking sector and takes Riyadh bank which is a local bank as a case study then they analyze the annual reports issued by Riyadh bank and find the progress and improvements. Then find what factor behind these improvements. And this research-in-progress study the current status of SISP in Saudi Arabian banks. And develop guidelines for SISP in the banking sector in Saudi Arabia.

As a summary, there is a lack of research in this area so, this research-in-progress comes to increase the researches in this area. this research-in-progress comes to study the current status of applying SISP in Saudi Arabian banks. And develop guidelines for SISP in the banking sector in Saudi Arabia.

Methodology:

Saudi Arabian Monetary Authority classifies the banks in Saudi Arabia into two types: local and foreign banks that have branches in Saudi Arabia. Saudi Arabia has 12 local banks. This study investigation focusses initially in SISP practice in local Saudi Arabian banks.

The survey was determined as the most appropriate method for this study. To address this research objective, this study will use a survey to collect the data. We adopted the survey with the help of two frameworks the first one is by (Pavri and Ang,1995) and the second one is by (Farantos and others, 2016). The resulted survey is a modified combination of those two surveys. The combination of the surveys had been modified to achieve this research-in-progress objective. The resulted survey includes three main sections. The first section is about general bank information. The second section asks about the implementation of the SISP in the bank. If SISP

is present, the respondent is then asked to continue with the rest of the questions. Otherwise, the respondent is asked to specify the reason for not having SISP. The last section asked about the practice of the SISP. The details of the survey are shown in the appendix.

To collect data from banks, the first step is going to be coordinating with the banks to fill the survey. We plan to contact the IS executives either by phone, e-mail or in person. The second step will be the sending of the survey to IS executives. The final step will be the receiving of the returned survey. After that, we are going to analyze the returned survey data to be able to describe the current SISP practices in the banking sector in Saudi Arabia. After that, we are going to evaluate the results to develop SISP guidelines for Saudi Arabian banks.

Conclusion:

SISP help the organizations to deploy IS in a way that supports strategic long-term objectives, increase profitability and provide competitive advantages. This research-in-progress describes the concept of SISP and the advantages of implementing it, related studies that show related research it same filed and the methodology that shows the framework that's adapted and modified for data gathering.

So, this research-in-progress comes to fill the gap in this area. Based on previous studies there is a lack of research that understands SISP in the Saudi Arabian banking sector and develops guidelines for them.

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Appendix A:

1. Bank's information:

1.1 Bank name:	1.2 Bank type: a. Local bank b. branches of foreign banks	1.3 Number of employees: a. Less than 500 b. 500-1000 c. Above 1000
2. Implementation of SISP:		
2.1 Does bank have or implement SISP? a. Yes, we start it since (-----) years – then please complete the survey b. No, we did not because (-----)- then please stop answer the survey		
3. SISP practice:		
3.1 To what extend does the Government's emphasis on IS planning efforts raise your bank's awareness of effective strategic IS practices?	3.2 How long time required to develop IS strategic plan? 'months'	3.3 How you estimate initial budget for develop IS strategic plan?
3.4 IS budget covered by the strategic IS plan?	3.5 Does IS strategic plan updated frequently?	3.6 Executives responsible for strategic IS plan a. Directors b. Managers c. Others (Please specify)
3.7 Does your bank have an IS steering committee? If yes, what role does it play in strategic IS planning efforts?	3.8 Highest level within the bank hierarchy whose approval is needed for the strategic IS plan: a. Board of directors b. CEO c. CIO d. other (Please specify)	3.9 Is the strategic IS plan modeled after modifying bank strategic plan? a. Yes b. No
3.10 Are those involved in developing the strategic IS strategic plan made aware of the strategic bank objectives? a. Yes b. No	3.11 Degree of participation in developing strategic IS plan a. Top management b. Non-IS managers c. IS managers d. Staff e. Programmers f. Developers g. Vendors h. Consultants	3.12 What items are included in your strategic IS plan? (select more than one) a. Statement of Objectives b. Projection of possible future MIS environment c. Projection of possible future user environment d. Projection of possible future industry environment e. Summary of strengths and weaknesses of MIS staff f. Evaluation of past performances vs. plan by MIS g. alternate strategy definition/evaluation

<p>3.13 Please weight (5 = very important, 1 = not important) each purpose you had in mind when undertaking your Strategic IS Planning efforts</p> <ul style="list-style-type: none"> a. Identifying new applications b. Improving communications with users c. Improving communications with top management d. Forecasting resource requirement e. Identifying internal improvement opportunities f. Improving short-term decision making g. Improving the allocation of personnel resources h. Securing budget increases i. Improving morale and sense of purpose j. Increasing ROI of new applications 	<p>3.14 Weight the degree of attainment to date (5 = outstanding relative to expectation, 1 = poor relative to expectation) in carrying out the Strategic IS Planning efforts.</p> <ul style="list-style-type: none"> a. Undertaking your Strategic IS Planning efforts b. Identifying new applications c. Improving communications with users d. Improving communications with top management e. Forecasting resource requirement f. Identifying internal improvement opportunities g. Improving short-term decision making h. Improving the allocation of personnel resources i. Securing budget increases j. Improving morale and sense of purpose 	<p>3.16 until now how far your IS strategic planning help you to achieve strategic goals? (3 =high and 1= low)</p> <ul style="list-style-type: none"> a. 1 b. 2 c. 3 d. not clear