PROFESI
CHIEF INFORMATION OFFICER

Materi 2
Antara CEO dan CIO

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Main Idea

CEO → Organization Goal ← CIO

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The Chief Executive Officer

- The CEO is a strategic managing at top level organization hirarchy
- CEOs have long been recognized as the principal architects of corporate strategy and major catalysts of organizational change, and the extent to which CEOs can effect change in corporate strategy is thought to be determined largely by the power they possess and how they decide to wield it (Bigley & Wiersema, 2002).
- CEOs' cognitive orientations should influence how they wield their power to affect corporate strategy.

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Organizational Hirarchy

Level 1 — CEO
Level 2 — SE — SE
Level 3 — Mngr — Mngr — Mngr

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The Chief Executive Officer

- The chief executive officer (CEO) is the only executive at level 1 in the hierarchy of an organization (Carpenter & Wade, 2002).
- At level 2, we find the most senior executives
- Level 3 includes the next tier of executives
- In our perspective of promoting the chief information officer (CIO) to be the next CEO (Gottschalk, 2007)

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Theoretical Perspectives

- Three theoretical perspective of CEO :
  - **First**, the executive human capital argument indicates that the requirements of the CEO job are substantially different from those of other organizational positions (such as the CIO position).
  - **Second**, the power perspective suggests that in order to qualify for consideration, an internal candidate needs an established power base, especially in relation to the incumbent CEO and the board of directors
  - **Finally**, from an agency theory perspective, a candidate is more likely to be considered seriously for the CEO position if the board of his or her firm has relevant information on the candidate's skills and competencies

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Find the Right CEO

- Khurana (2001) discussed why boards often make poor choices when attempting to find the right CEO :
  - Establish the goals and objectives of the search
  - Carefully select the search committee
  - Separate the roles and responsibilities of the search firm and the search committee
  - Define the candidate pool broadly
  - Analyze the multiple factors affecting company performance
  - Choose candidates on the basis of the goals and objectives of the search

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CEO Find Pitfalls

- Khurana (2001) lists seven pitfalls that are derailing searches for the next CEO:
  - missing the chance for organizational introspection
  - choosing the wrong search committee,
  - outsourcing critical steps,
  - defining the candidate pool too narrowly, (5) equating candidates with their past companies,
  - overestimating the value of insider or outsider status, and
  - accepting false assumptions

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The CEO Successors

- Organization and strategy scholars studying CEO succession often dichotomize CEO successors into insiders and outsiders
  - Insiders are executives promoted from within the firm, and outsiders come to new CEO positions from other organizations
  - outside successors are appointed under conditions of poor company performance and reflect intent to initiate strategic change.

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Three Types of CEO Successors

- *Follower successors* are inside executives who are promoted to CEO positions following the ordinary retirement of their predecessors.
- *Contender successors* are inside executives who are promoted to CEO positions after the dismissals of their predecessors.
- *Outsider successors* are most often selected in periods of poor firm performance and when directors cannot locate a competent successor within their firm

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CEO Characteristics…

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CEO Characteristics…

- *CEO tenure*. Researchers examining CEO tenure find that CEOs tend to make fewer changes in strategy as their tenure increases.
- *CEO age*. One of the most enduring findings about executive age is that older executives tend to be more conservative
- *CEO career experience*. The influence of an executive's career path on his or her decision-making has been discussed a lot by management researchers
- *CEO education*. The education levels of top managers have been studied. It was found that more educated executives have greater cognitive complexity

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CEO for the Information Age

- Earl and Feeny (2000) identified several archetypes of CEOs, but argue that only the last one, the believer, is ready for the information age:
  - **Hypocrite:** Espouses strategic importance of IT Negates this belief through personal actions.
  - **Waverer:** Reluctantly accepts strategic importance of IT. But not ready to get involved in IT matters.
  - **Atheist:** Convinced IT is of little value. Publicly espouses this belief.
  - **Zealot:** Convinced IT is strategically important. Believes he or she is an authority on IT practice.
  - **Agnostic:** Concedes IT may be strategically important. Requires repeated convincing.
  - **Monarch:** Access IT is strategically important. Appoints best CIO possible, then steps back.
  - **Believer:** Believes IT enables strategic advantage. Demonstrates belief in own daily behavior.

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The Chief Information Officer

- The chief information officer (CIO) can be defined as the highest ranking IT executive who typically exhibits managerial roles requiring effective communication with top management, a broad corporate perspective in managing information resources, influence on organizational strategy, and responsibility for the planning of IT

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CIO Criteria

- This definition is in line with research which applied the following criteria when selecting CIOs for empirical observation: (Gottschalk, 2007)
  - highest ranking information technology executive;
  - reports no more than two levels from the CEO (i.e., either reports to the CEO or reports to one of the CEOs direct reports);
  - areas of responsibility include information systems, computer operations, telecommunications and networks, office automation, end-user computing, help desks, computer software and applications; and
  - responsibility for strategic IS/IT planning.

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CIO Position

- According to Gartner (2005), only a few CEOs view CIOs as boardroom peers.
- Most CEOs view their CIOs as effective operational leaders
- Only a few view them as full business leaders
- There is an opportunity for CIOs to build their relationship with their CEO and other stakeholders — to increase their influence and to enhance the contribution of information systems and information technology

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CIO Position…

- The CIO position depends on IT maturity, IT management maturity, value configuration, and so forth
- A CIO who is able to apply modern information technology in emerging business models
- The contingent approach is dependent on the situation at a specific point in time as well as organizational evolution.
- What seems smart to do in one organization might be unwise in another organization because they are not in the same situation
- According to the contingent approach, changing roles from CIO to CEO depends on the situation

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CIO Position…

- The CIO is already thinking like a CEO when developing strategy.
- As we shall see in the Y model for strategic IT planning, the CIO applies the same techniques to analyze the current and desired business situation as does the CEO
- The CIO belongs to the set of internal candidates for a firm's CEO position, which includes senior executives

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CIO Position...

- The CIO position emerged in the 1970s as a result of increased importance placed on IT.

- In the early 1980s, the CIO was often portrayed as the corporate savior who was to align the worlds of business and technology. CIOs were described as the new breed of information managers who were businessmen first, managers second, and technologists third (Grover, Jeong, Kettinger, & Lee, 1993).

- It was even postulated that in the 1990s, as information became a firm's critical resource, the CIO would become the logical choice for the chief executive officer (CEO) position.

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