# The Impact of IT Leadership on Organizational Change Management, IT Business Alignment, and IT Business Value: A Study of Food Processing Manufacturing Companies in East Java in 2025

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## Abstract

IT-Business Alignment and IT-Business Value are vital for the effective implementation of information technology, especially in large-scale food processing manufacturing. Misalignment between IT and business strategies can have long-term negative effects. IT Leadership, particularly from the Chief Information Officer (CIO), plays a decisive role in achieving alignment, delivering business value, and managing organizational change. This study examines the rel Faculty of Social and Political Sciences, Yudharta University Pasuruanationships among four variables: IT Leadership, Organizational Change Management, IT-Business Alignment, and IT-Business Value

This study employs the Structural Equation Modeling (SEM), method based on Partial Least Squares (PLS) using SmartPLS software to analyze the relationships among latent variables. This method was chosen for its ability to simultaneously assess measurement and structural models and its suitability for medium-sized samples with non-normal data distribution.The population of this study consists of 377 food processing manufacturing companies large scale industry in East Java, with a sample size of 194 respondents. The sampling technique employed was purposive sampling from the total population of 377 companies, covering five Regional Coordination Agency (Bakorwil) areas: Madiun, Bojonegoro, Malang, Pamekasan, and Jember. The findings of this study indicate significant relationships among the variables as follows: 1) IT Leadership has a significant effect on Organizational Change Management. 2) IT Leadership has a significant effect on IT-Business Alignment. 3) Organizational Change Management has a significant effect on IT-Business Alignment. 4) Organizational Change Management has a significant effect on IT-Business Value. 5) IT-Business Alignment has a significant effect on IT-Business Value.

This study found that IT leadership drives organizational change management and IT-business alignment, which in turn enhances IT business value through efficiency, innovation, and the competitiveness of food processing manufacturing companies in East Java. The novelty of this study lies in its integrated examination of the influence of IT Leadership, Organizational Change Management, IT-Business Alignment, and IT-Business Value in the food processing manufacturing industry across five Bakorwil regions in East Java, a topic rarely addressed previously, thus providing contextual insights for IT strategy in the sector.

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**Keyword**

IT Leadership, Organizational Change Management, IT Business Alignment, IT Business Value.

## Introduction

The alignment of Information Technology (IT) strategy and business strategy, commonly referred to as IT–Business Alignment, is widely recognized as a critical organizational capability for maximizing the value derived from IT investments. Prior studies emphasize the strategic role of IT leadership, particularly the Chief Information Officer (CIO), in shaping executive perceptions of IT as a driver of business performance (Preston et al., 2008; Mitra et al., 2011; McLean et al., 2014). Transformational leadership has been shown to positively influence alignment outcomes (Eom et al., 2015), and business executives tend to respond more favorably to CIOs who demonstrate strong IT education, reputable leadership experience, and advanced problem-solving competencies in IT–business strategy formulation (Lim et al., 2012). Despite these findings, the specific characteristics of IT leadership that enable sustained IT–Business Alignment and the creation of IT–Business Value remain insufficiently examined.

As the primary actors in IT governance, CIOs are responsible for establishing decision-making structures that guide organizational IT utilization (Weill et al., 2004). Governance mechanisms allow IT leaders to influence business stakeholders and reduce misalignment in the implementation of IT–Business Alignment initiatives (Fruhlinger et al., 2020). Although several studies confirm that CIO leadership contributes to improved alignment outcomes (Baker, 2004; Chan et al., 2007a; Liang et al., 2011; Ullah et al., 2013), these studies largely overlook the distinctive attributes of IT leadership as a leadership construct. Furthermore, while leadership has been broadly associated with organizational change (Al-Ali et al., 2017), empirical evidence that directly links IT leadership to Organizational Change Management (OCM) in the context of IT-driven transformation remains limited.

Organizational Change Management is essential in managing the continuous adjustments required for effective IT strategy implementation. IT–Business Alignment is not a one-time achievement but an ongoing process of adaptation and capability development (Henderson & Venkatraman, 1993). Successful alignment depends on cultural readiness and structured change processes that facilitate the integration of IT into business operations (Aladwani, 2001; ITGI, 2003; Sikdar et al., 2014). Moreover, IT–Business Value is not generated solely through IT adoption, but through the effective management of organizational changes and innovations that translate IT capabilities into improved business performance (Grover et al., 2012). Nevertheless, limited research has integrated IT leadership, OCM, alignment, and business value into a unified analytical framework, indicating a significant theoretical and empirical gap.

From a Resource-Based View (RBV) perspective, IT–Business Value emerges from the strategic combination of physical, human, and organizational resources to achieve sustainable competitive advantage (Barney, 1991). IT resources alone are insufficient; instead, business value is created through the synergy between IT and non-IT resources embedded within organizational processes and capabilities (Kohli & Grover, 2008; Miyamoto, 2017). At the operational level, IT–Business Value is reflected in enhanced process speed, improved reporting quality, and increased efficiency and productivity (Chi et al., 2017; Melville et al., 2004; Sirisomboonsuk et al., 2017).

However, most prior studies have examined IT–Business Alignment or IT–Business Value in isolation, without explicitly addressing the mediating role of organizational change mechanisms.

In the Indonesian context, particularly in East Java, the food processing manufacturing industry provides a relevant and dynamic setting for examining these relationships. Manufacturing remains the largest contributor to national gross domestic product, accounting for 19.86% in 2024, with food processing representing one of its most significant subsectors (Ministry of Industry, 2024). Substantial investments in enterprise systems, such as Enterprise Resource Planning (ERP), require strong IT governance and effective leadership to ensure value realization and to minimize the risks associated with implementation failure. However, empirical evidence from emerging economy contexts on how IT leadership drives organizational change, alignment, and business value creation remains scarce.

This study addresses these gaps by investigating the impact of IT Leadership on Organizational Change Management, IT–Business Alignment, and IT–Business Value in food processing manufacturing companies in East Java in 2025. The study aims to (1) examine the influence of IT Leadership on Organizational Change Management, (2) analyze the effect of IT Leadership on IT–Business Alignment, (3) assess the influence of Organizational Change Management on IT–Business Alignment, (4) evaluate the effect of Organizational Change Management on IT–Business Value, and (5) examine the influence of IT–Business Alignment on IT–Business Value. Through this approach, the study contributes by clarifying IT leadership as a distinct leadership construct, integrating leadership, change management, alignment, and value creation into a unified research model, and extending empirical insights within an emerging economy manufacturing context.

## Methodology

This study employs the Structural Equation Modeling (SEM) method based on Partial Least Squares (PLS) using SmartPLS software to analyze the relationships among latent variables. The population of this study consists of 377 large-scale food processing manufacturing companies in East Java Indonesia. Large-scale companies were chosen as the research objects because they are more complex, have broader IT implementation, and present a more relevant context for examining IT-Business Alignment. The sampling technique used was purposive sampling with the following criteria: having assets of more than IDR 10 billion, an annual turnover of more than IDR 50 billion, more than 300 employees, and national business coverage. The population was drawn from five Regional Coordination Agency (Bakorwil) areas, namely Madiun, Bojonegoro, Malang, Pamekasan, and Jember. The sample size was determined using the Lemeshow formula, resulting in 194 respondents.

The research questionnaire was administered online via company email, and one managerial representative from each company was designated as the respondent to ensure organizational-level perspectives. From the total population of 377 companies distributed across five Bakorwil regions in East Java (Madiun, Bojonegoro, Malang, Pamekasan, and Jember), the sample size was determined using the Lemeshow formula, resulting in 194 valid respondents. This sampling approach ensured adequate representation while maintaining the reliability and validity of the data collected for subsequent analysis using the SEM-PLS method.

The findings of this study indicate significant relationships among the variables as follows: 1) IT Leadership has a significant effect on Organizational Change Management. 2) IT Leadership

has a significant effect on IT-Business Alignment. 3) Organizational Change Management has a significant effect on IT-Business Alignment. 4) Organizational Change Management has a significant effect on IT-Business Alignment. 5) IT-Business Alignment has a significant effect on IT-Business Value.

Figure 1. presents the distribution of respondents across the Bakorwil regions in East Java Indonesia

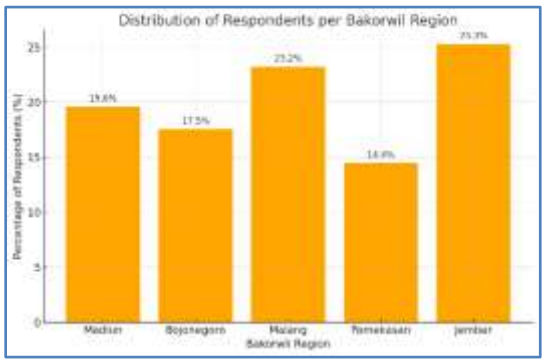


Figure 1. The distribution of respondents across the Bakorwil regions in East Java Indonesia

The figure above illustrates the distribution of respondents across the Bakorwil regions in East Java. Among the total respondents, Jember accounts for the highest proportion at 25.3%, followed by Malang at 23.2%. Madiun contributes 19.6%, while Bojonegoro represents 17.5%. The lowest proportion of respondents is from Pamekasan, with 14.4%. This distribution indicates a relatively balanced representation of respondents across the five Bakorwil regions, with the highest participation observed in Jember and Malang. This suggests that large-scale food processing manufacturing companies in these two regions were more actively represented in the study compared to other regions.

The respondents of this study are predominantly production and IT department managers who have held their positions for 7–10 years with a tenure of 27–30 years. Most of them are aged between 49–52 years, male, and hold a bachelor's degree (S1). This profile indicates that the majority of respondents are experienced professionals actively engaged at the operational managerial level, and therefore are considered to have a comprehensive understanding of the actual conditions related to IT-business alignment in large-scale food processing manufacturing companies in East Java, Indonesia.

This study found that IT leadership drives organizational change management and IT-business alignment, which in turn enhances IT business value through efficiency, innovation, and the competitiveness of food processing manufacturing companies in East Java. The novelty of this study lies in its integrated examination of the influence of IT Leadership, Organizational Change Management, IT-Business Alignment, and IT-Business Value in the food processing manufacturing industry across five Bakorwil regions in East Java, a topic rarely addressed previously, thus providing contextual insights for IT strategy in the sector. The results of the R Square calculation from the research findings are presented as follows:

Table 1. The R Square

| No. | Variabel | R Square |
|---|---|---|
| 1 | Organizational Change Management (Y1) | 0,554 |
| 2 | IT-Business Alignment (Y2) | 0,543 |
| 3 | IT-Business Value (Y3) | 0,415 |

Source: Processed data

The R Square values indicate the extent to which the variance of endogenous variables can be explained by their predictor variables. Organizational Change Management (Y1) has an $R^2$ of 0.554**,** meaning that 55.4% of the variance in Y1 can be explained by its predictors. IT-Business Alignment (Y2) has an $R^2$ of 0.543, meaning that 54.3% of the variance in Y2 can be explained by other variables in the model**.** IT-Business Value (Y3) has an $R^2$ of 0.415**,** meaning that 41.5% of the variance in Y3 can be explained by its predictors. These values fall into the moderate category**,** indicating that the model has a reasonably good explanatory power for the relationships among variables.

Table 2. Hypothesis Testing Results

| No. | Pengaruh Variabel | Original Sample (O) -Path Coef. | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics (O/STDEV) | P Value | Keterangan |
|---|---|---|---|---|---|---|---|
| 1 | X --> Y1 | 0,402 | 0,382 | 0,098 | 4,099 | 0,000 | Significant |
| 2 | X --> Y2 | 0,423 | 0,446 | 0,120 | 8,661 | 0,002 | Significant |
| 3 | Y1 --> Y2 | 0,441 | 0,477 | 0,098 | 3,749 | 0,000 | Significant |
| 4 | Y1 --> Y3 | 0,262 | 0,270 | 0,127 | 5,114 | 0,011 | Significant |
| 5 | Y2 --> Y3 | 0,368 | 0,358 | 0,086 | 8,661 | 0,004 | Significant |

Source: Processed data

The hypothesis testing results using PLS-SEM show that all relationships tested are significant**,** as indicated by P Value < 0.05 and T Statistics > 1.96. Specifically: IT Leadership (X) → Organizational Change Management (Y1) is significant (β = 0.402; p = 0.000). IT Leadership (X) → IT-Business Alignment (Y2) is significant (β = 0.423; p = 0.002). Organizational Change Management (Y1) → IT-Business Alignment (Y2) is significant (β = 0.441; p = 0.000). Organizational Change Management (Y1) → IT-Business Value (Y3) is significant (β = 0.262; p = 0.011**).** IT-Business Alignment (Y2) → IT-Business Value (Y3) is significant (β = 0.368; p = 0.004).

Table 3. Dominant Influence among Variables

| Input Variable | Output Variable | | |
|---|---|---|---|
| | Organizational Change Management | IT-Business Alignment | IT-Business Value |
| IT Leadership | 0,011<br>pv: 0,907 | 0,106<br>pv: 0,225 | 0,423<br>pv: 0,000 |

Source: Processed Data

The analysis of dominant influence shows that IT Leadership exerts the strongest effect on IT-Business Value**,** with a coefficient of 0.423 (p = 0.000)**,** which is statistically significant. In contrast, the effects of IT Leadership on Organizational Change Management (0.011; p = 0.907) and IT-Business Alignment (0.106; p = 0.225) are not significant. This indicates that IT Leadership plays a direct role in enhancing IT-Business Value**,** while its contribution to Organizational Change Management and IT-Business Alignment is not directly dominant. The overall analysis demonstrates that the research model is capable of explaining the relationships among variables effectively. All primary hypotheses are supported, and the key finding is that IT Leadership exerts a dominant influence on IT-Business Value, underscoring the critical role of IT leadership in driving business value creation from IT investments.

## Results and Discussion

The reasons for selecting ERP by companies are expected to explain the relationship between the level of IT-business alignment and the efforts of the sample companies in realizing the outcomes of such alignment, which ultimately become an IT-Business Value. The results of alignment indirectly demonstrate how IT is able to integrate business processes so that businesses can achieve effectiveness and efficiency in their operations. The capability of IT to perform this business integration may serve as the primary reason for selecting ERP features that best fit the business.

The description of the duration of ERP usage by companies can serve as an indication of the level of achievement in IT-business alignment, since one of the requirements for ERP implementation is the attainment of IT-business alignment. The length of ERP usage indicates that alignment has been achieved over a considerable period of time, and vice versa. The description of the benefits of ERP for company growth can illustrate the IT-Business Value obtained by the sample companies, while also reflecting the success or failure of IT governance as a whole. Furthermore, based on the Business Intelligence (BI) software used by the sample companies, it can be inferred how far companies strive to obtain greater IT-Business Value from their IT utilization. The use of BI software also indicates the maturity level of IT-business alignment, as in general BI can only be implemented once ERP adoption has been completed without major issues and the benefits of ERP have already been realized.

The respondents of this study are predominantly production and IT department managers who have held their positions for 7–10 years with a tenure of 27–30 years. Most respondents are aged between 49–52 years, male, and hold a bachelor's degree (S1). This profile indicates that the majority of respondents are experienced professionals actively engaged at the operational managerial level, thereby providing reliable insights into IT-business alignment practices in large-scale food processing manufacturing companies in East Java. The distribution of respondents

across the five Bakorwil regions shows relatively balanced participation, with Jember (25.3%) and Malang (23.2%) being the most represented areas.

The R Square analysis shows that Organizational Change Management (Y1) has an $R^2$ of 0.554, IT-Business Alignment (Y2) has an $R^2$ of 0.543, and IT-Business Value (Y3) has an $R^2$ of 0.415. These values fall into the moderate category, suggesting that the predictors explain a substantial portion of variance in the endogenous variables. This indicates that the model has a reasonably good explanatory power in capturing the dynamics between IT Leadership, Organizational Change Management, IT-Business Alignment, and IT-Business Value.

The results of hypothesis testing using PLS-SEM confirm that all relationships tested are significant ($p < 0.05$; $T > 1.96$). Specifically, IT Leadership significantly influences both Organizational Change Management ($\beta = 0.402$; $p = 0.000$) and IT-Business Alignment ($\beta = 0.423$; $p = 0.002$). Organizational Change Management also shows a significant impact on IT-Business Alignment ($\beta = 0.441$; $p = 0.000$) and IT-Business Value ($\beta = 0.262$; $p = 0.011$). Furthermore, IT-Business Alignment significantly contributes to IT-Business Value ($\beta = 0.368$; $p = 0.004$). These findings validate the proposed research model and demonstrate the interconnectedness of leadership, alignment, and value creation in the IT-business context.

The analysis of dominant influence reveals that IT Leadership has the strongest effect on IT-Business Value ($\beta = 0.423$; $p = 0.000$). In contrast, the influence of IT Leadership on Organizational Change Management ($\beta = 0.011$; $p = 0.907$) and IT-Business Alignment ($\beta = 0.106$; $p = 0.225$) is not significant. This highlights that while IT Leadership is a key driver of business value creation from IT, its direct influence on organizational change and alignment is less dominant. Instead, IT Leadership enhances business value primarily through strategic vision, decision-making, and governance mechanisms that ensure IT investments translate into measurable outcomes.

The findings of this study contribute to the growing body of literature by demonstrating the critical role of IT Leadership in creating IT-Business Value within the food processing manufacturing industry in East Java. Consistent with prior studies (Eom et al., 2015; Liang et al., 2011), this research confirms that IT Leadership facilitates alignment and value realization. However, the study extends prior work by showing that IT Leadership exerts its most significant influence directly on IT-Business Value rather than indirectly through Organizational Change Management or IT-Business Alignment.

The results also support the Resource-Based View (RBV), emphasizing that IT resources alone are insufficient to generate value. Instead, synergy between IT leadership capabilities, organizational readiness for change, and alignment processes produces business value through enhanced efficiency, innovation, and competitiveness. The integration of ERP and Business Intelligence systems by the sample companies further illustrates how IT governance and leadership maturity contribute to sustainable IT-Business Value.

Overall, this study underscores the importance of CIOs and IT executives in shaping IT strategies that directly enhance business performance. By clarifying the pathways through which IT Leadership influences change, alignment, and value, the findings provide both theoretical contributions and practical insights for organizations in emerging economies seeking to maximize returns on IT investments.

This study confirms the central role of IT Leadership in creating IT-Business Value in large-scale food processing manufacturing companies in East Java. The analysis reveals that IT Leadership has a significant influence on business value creation from IT, although its contribution to Organizational Change Management (OCM) and IT-Business Alignment is not dominant.

Instead, OCM and alignment act as supporting mechanisms that strengthen the realization of business value, with the explained variance ($R^2$) falling into the moderate category.

The findings of this research align with empirical evidence provided by Wu, Straub, and Liang (2015)**,** who found that CIO leadership significantly enhances strategic alignment in Chinese manufacturing firms through IT governance mechanisms. Similarly, this study supports the work of Coltman, Tallon, Sharma, and Queiroz (2015)**,** which demonstrated that alignment capabilities strongly mediate the relationship between IT investments and firm performance. Furthermore, the results are consistent with Queiroz, Coltman, Sharma, and Tallon (2020)**,** who provided empirical evidence that the synergy between alignment and change management leads to greater IT-enabled business value in multinational firms.

Taken together, these findings reinforce the Resource-Based View (RBV) by highlighting that IT resources alone are insufficient to generate value. Instead, business value emerges from the integration of IT leadership capabilities, organizational readiness for change, and alignment processes. From a practical perspective, this study emphasizes the importance of strengthening IT leadership capacity at the CIO and managerial levels, alongside continuous investment in organizational change readiness and alignment practices, to ensure that technology initiatives such as ERP and Business Intelligence deliver measurable business outcomes. Although this study provides valuable insights, future research could extend the analysis to other industries, regions, or small and medium-sized enterprises (SMEs) to enhance generalizability. Longitudinal studies are also recommended to capture the dynamic evolution of IT-Business Alignment and Organizational Change Management over time.

## Conclusion

This study confirms the central role of IT Leadership in creating IT-Business Value in large-scale food processing manufacturing companies in East Java. The analysis reveals that IT Leadership has a significant influence on business value creation from IT, although its contribution to Organizational Change Management (OCM) and IT-Business Alignment is not dominant. Instead, OCM and alignment serve as important mechanisms that strengthen the achievement of business value, with the explained variance ($R^2$) falling into the moderate category.

The findings provide several key contributions. First, the study clarifies that IT Leadership is a unique and distinct leadership construct, with a direct influence on IT-Business Value through strategic decision-making and effective IT governance. Second, the integration of IT Leadership, OCM, IT-Business Alignment, and IT-Business Value into a single research model offers a comprehensive understanding of the pathways to IT-enabled business value creation. Third, the context of the manufacturing industry in East Java, as a representation of an emerging economy, provides empirical insights that enrich the global literature on IT value creation in the manufacturing sector.

From a practical perspective, the results highlight the importance for companies to strengthen IT leadership capacity at both the CIO and managerial levels to ensure that technology investments, such as ERP and Business Intelligence, deliver tangible business benefits. In addition, organizational readiness for change and the achievement of IT-business alignment must be continuously developed to optimize IT benefits. Thus, this study not only addresses theoretical gaps regarding the linkages between IT leadership, organizational change, alignment, and business

value but also provides strategic direction for companies in emerging economies to maximize the value of their IT investments.

Although this study provides valuable insights, several limitations open opportunities for future research. First, the study is limited to large-scale food processing manufacturing companies in East Java; future studies could extend the scope to other regions, industries, or small and medium-sized enterprises (SMEs) to enhance the generalizability of the findings. Second, this study employed a cross-sectional design, which may not fully capture the dynamic nature of IT-Business Alignment and Organizational Change Management; longitudinal studies are recommended to examine how these relationships evolve over time. Third, while this study focused on IT Leadership at the CIO and managerial levels, future research could investigate the role of middle managers and cross-functional teams in shaping IT-Business Value. Finally, integrating additional factors such as organizational culture, digital maturity, and environmental uncertainty could provide a more holistic understanding of how IT Leadership interacts with contextual variables to drive business value creation.

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