

# EXPLORING STRATEGIC ALIGNMENT OF BUSINESS AND INFORMATION SYSTEMS/TECHNOLOGY STRATEGIES USING A MIDDLE MANAGEMENT PERSPECTIVE

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## ABSTRACT

Information Systems/Information Technologies (IS/IT) have become an integral part of modern organisations. However, there are still challenges presented to business leaders on how they may achieve strategic alignment (SA) of business and IS/IT strategies. It is commonly agreed that SA is positively correlated to organisational performance. Achieving sustainable SA is a challenge for many business leaders. The literature reviewed suggests that there is a paucity of studies on SA using a Middle Management (MM) perspective which is the focus of this study. This paper starts by clarifying the distinction between corporate and business strategies before proceeding to look at the strategic role MM plays through sensemaking and issue selling. Crucially, attention is drawn to Luftman's alignment model because of its claims as focusing on the dynamism of SA rather than conceptualisation of SA as a static end state which does not render very well to operationalisation.

## KEYWORDS

Middle Management, Business Strategy, IS/IT Strategy, Strategic Alignment

## 1. INTRODUCTION

This is a brief overview of literature for a doctoral research study being conducted by a second-year student regarding the strategic alignment of business and IS/IT strategies from a MM perspective in the banking sector in Malawi. The literature reviewed, based on corporate and business strategy, middle management, and SA streams, shows that although both SA and MM have been topics of interest for several decades, there is a paucity of research on these topics from the developing world. The literature was identified by using terms such as "strategic alignment", "middle management" and variations on journals such as: "The Journal of Strategic Information Systems", "MIS Quarterly", and other peer-reviewed journals.

The study will seek to answer the following research questions (RQs). RQ2 and RQ3 are sub questions to RQ1:

RQ1 – How do MM contribute to business, IS/IT strategies, and their SA?

RQ2 – How do MM perceive their influence on business, IS/IT and their SA?

RQ3 – How do MM participate in practices that ensure sustainability of SA?

The next section is a brief overview of the literature for this study.

## 2. LITERATURE OVERVIEW

This section briefly discusses some of the literature which have guided the formulation of the RQs based on corporate strategy, business strategy, MM perspective, and SA streams. There is a growing interest to understand the role that middle managers play in the formulation of strategies (Baker & Singh, 2019; Caffrey

& McDonagh, 2017; Darkow, 2015; Jansen Van Rensburg et al., 2014; Milovich et al., 2015; Rezvani & Hudson, 2021).

Many studies do not distinguish between corporate strategy and business strategy (Reynolds & Yetton, 2015) so that the role of MM in business strategy formulation and SA is obscured. Andrews (1971) defined corporate strategy as "... the pattern of decisions in a company that determines and reveals its objectives, purposes, or goals, produces the principal policies and plans for achieving those goals, and defines the range of business the company is to pursue ..." p.13. Business strategy is defined as "...the determination of how a company will compete in a given business and position itself among its competitors ..." (ibid.: p.13). Reynolds and Yetton (2015, p. 103) state that "... corporate strategy specifies how to compete as an organisation, including the choice of markets in which to compete, and the level and nature of the shared capabilities across the organisation ...". Therefore, corporate strategy "... seeks to address a ... core question: how managers set and oversee the scope of their firms — that is, how do managers determine which businesses belong within their firms and which do not ..." Feldman (2020, p. 182). Business strategy pertains to a particular business function or business unit (Lyneis, 2013) within the company such as marketing, production, and/or human resources management overseen by MM (Netland, Powell, & Hines, 2020). Feldman (2020) recognises that business functions are interdependent constituent parts of firms.

Rezvani (2017) acknowledges that researchers have not been able to formulate a universally accepted definition for MM. The criteria used in the definition of MM include their positions, functional roles, and researchers' preference based on factors such as organisational size, organisational form, and industry. Netland et al. (2020) suggest that there are commonly accepted three levels of management. Namely: top management, middle management, and frontline management. Top management comprises of the team of managers at the top and close to the top of the apex (the chief executive officer and senior executive managers) with the most concentration of power, who report to the boards of directors. Immediately below this team are middle managers with specific responsibilities over plants, factories, or departments.

MM are strategically important owing to their situation as a bridge between top management and the lower levels of the organisation (Tarakci et al., 2018). The activities of MM may lead to realisation of divergent strategies due to imperfect communication, or understanding (Baker & Singh, 2019; Balogun, 2006), or self-interest (Ates, 2014; Gibson & Groom, 2021; Wooldridge et al., 2008). Although the latter might appear politically incorrect, sometimes the divergent actions of MM may lead to an overall improvement in the competitive position of an organisation (Baker & Singh, 2019). From the viewpoint of formulation and implementation of business and IS/IT strategies, and their SA it is important to note these will usually be agreed by top management. Once they have been approved, it is the middle managers who have the responsibility to oversee that these are implemented in their business units (Netland et al., 2020). Through sensemaking and issue selling MM exert strategic influence from the bottom (Balogun, 2006) in a feedback loop. Sensemaking is concerned with interpretation of top-down intended corporate strategies into relevant business strategies for their business units. Where there is self-interest, misunderstanding, or misinterpretation, top management strategic goals may not be implemented as intended within business units. Sometimes, when business units notice that intended corporate strategies are not in synch with customer expectations, or not yielding intended results, they may have to improvise or raise issues for consideration of top managers which are routed through MM in what is called issue selling (Balogun, 2006). Top management may consider some of these issues and subsequently amend corporate strategies to reflect the recommendations from the bottom.

One business unit in which the role of MM cannot be overstated is the IS/IT function of any modern organisation. This has moved from providing administrative support to become a business unit of strategic importance (Torres-Moreno & Aponte-Melo, 2021). This growth in importance makes the study of SA imperative considering that there is agreement that it has a positive correlation with performance, and that there are constant changes in the business environment, as well as increasing innovation (Baker & Singh, 2019; Benbya et al., 2019; Coltman et al., 2015; Peppard & Ward, 2016; Sinz & McDonagh, 2019). On one hand, if top managers do not pay attention to SA as an important aspect of the organisation, there is a risk that investments may be made in IS/IT that fail to support the strategic and operational objectives for their organisations. On the other hand, if there is SA, it is expected that organisations will realise positive returns on their investments in IS/IT. From the issue selling perspective senior managers should be able to listen to MM from business units to establish whether investments have been made in IS/IT that provide adequate coverage that results in attainment of overall strategic objectives, achievement of competitive advantage, and facilitate organisational agility during turbulent times.

Coltman et al. (2015), posit that a multiplicity of terms ('matched with', 'in harmony with', 'complement each other', 'contingent upon', and 'congruent with' or more simply as 'aligned', 'fit', 'support', 'integrated', 'synergy', 'linked', or 'co-aligned') has been used to conceptualise SA but there is an apparent lack of practical guidance on how these terms could be usefully operationalised. SA operational ambiguities arise where a single state fit is used to measure a static 'fit' by simply comparing contents of business strategies and IS/IT strategies (Luftman et al., 2017). A Strategic Alignment Maturity Model (SAM) that "... provides a comprehensive vehicle for organisations to evaluate business-IT alignment in terms of where they are and what they can do to improve alignment ..." (Luftman, 2000, p. 4) promises to overcome the issues of static conceptualization of SA. Much of the current stream of research in strategic alignment emphasises on a top-down conceptual approach of SA without consideration of the dynamic behavioural bottom-up effects (Baker & Singh, 2019; Luftman et al., 2017). The SAM advocates for business leaders to consider the two-way dynamism between business units and IS/IT function and vice versa to enable managers assess the level of SA relative to their capabilities and adjust accordingly. The SAM model identifies precedents of SA: IS/IT-business communications; use of value analytics; approaches to collaborative governance; nature of the affiliation/partnership; scope of IS/IT initiatives; and development of IS/IT skills (Luftman et al., 2017). For example, it is apparent that the contents and quality of communication between MM from business units, IS/IT and top managers have a direct bearing in the bridging role that MM play.

Other issues that have emerged in SA studies include the problem of its measurement (Avison et al., 2004; Belfo & Sousa, 2012); misalignment or strategic drift (Baker & Singh, 2019); perception of SA as an end state (Luftman et al., 2017); alignment paradox (Tallon, 2003) or rigidity trap (Coltman et al., 2015), and ways in which SA can be sustained (Luftman, 2000; Peppard & Breu, 2003).

### 3. CONCLUSION

SA has continued to be a topical issue among practitioners and scholars. Although many studies have established a positive correlation between SA and organisational performance, its achievement remains elusive for many practitioners. One of the issues identified by this study is the paucity of SA research from an MM perspective to inform practice of SA. This study is aimed at contributing to this area. The literature overview highlights the role that MM can play in the formulation of business strategy, IS/IT strategy, and their SA through a sensemaking of top-down strategic objectives and issue selling of emergent bottom-up realities. The Luftman's (2000) SAM plays an important role in understanding such dynamic interaction between IS/IT and other business units to measure different levels of SA maturity which can help identify areas that practitioners need to focus on to attain sustainable SA.

Although a lot of care was taken to ensure that issues concerning SA from the MM were covered, this overview is limited by the available space. It should also be noted that this is a work in progress and will be the subject of revision as the study proceeds.

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