Factors Affecting Business and Information Technology Alignment at the Lower Levels of a Public Organisation

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ABSTRACT

This article describes how the alignment of business and information technology (IT) strategies impact organisational performance. The alignment involves an entire organisation. However, much of the research has focused on the factors affecting alignment at the senior executive level, and there appears to be less attention placed upon factors that affect the lower operational levels. This article attempts to address this gap in the literature through a case study of a healthcare organisation. Semi-structured interviews with ten employees at an operational level were qualitatively analysed to elucidate factors. Organisational culture, management expectations, communication, and the provision and recognition of skills were identified as main factors that may affect the alignment of business and IT strategies at the lower levels

KEYWORDS

Alignment of Business and Information Technology Strategies, Healthcare Organisation, Impacting Factors, Operational Level, Organisational Culture

1. INTRODUCTION

With an increasing dependency of organisational activity on information systems (IS) based on innovation of information technology (IT), the alignment of business and IT strategies in organisations becomes a key concern amongst the organisational management, and attracts the attention of academics (Luftman & Ben-Zvi, 2011). Reich & Benbasat (2000) define alignment as “the degree to which the IT mission, objectives, plans and people support are supported by the business mission, objectives plans and people.” The majority of the literature focuses on alignment factors at the senior and executive management level. We lack knowledge on alignment in organisations at an operational level or front line. Lower level employees often carry out the strategy in an operational capacity (Gallo, 2010). In the words of Chan & Reich (2007, p. 301), “…formal strategies are often only implemented at the upper levels of the organisations, yet strategy is carried out on the front line.” There is a call for more studies in this area (Walentowitz, Beimborn, Schroiff, & Weitzel, 2011). This research attempts to fill in this gap. Specifically, it will identify factors affecting alignment at the lower levels of organisations.

This paper offers a case study based on semi-structured interviews. Section 2 reviews the literature in the field of business and IT strategic alignment, and its relevance to organisations. Section 3 introduces the research methodology. Section 4 presents the case study. Section 5 discusses the findings, and Section 6 concludes this paper.

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2. LITERATURE REVIEW

2.1. Alignment Levels

As IT increasingly permeates organisations, alignment should be brought to the fore (Van Grembergen, 2004). The alignment of an organisation’s external business and internal business, and IT strategy and IT organisational infrastructure, in the aspects of objectives, infrastructure, plans, and people, is a dynamic process involving continuous evaluation and realignment (Chan & Reich, 2007). Alignment is a desirable situation (Henderson & Venkatraman, 1999). In the past, the management has regularly focused on how IT is aligned to the business, but not necessarily vice versa. Luftman (2000) asserts that one key objective of an IT strategy is to ensure it at least enables the organisational strategy, and where appropriate, drives it. However, often organisations ignore this rule and fail to achieve alignment. It is important to clarify the factors defined by the lower levels of an organisation and understand their importance in overall organisational alignment.

A hierarchy of three levels of alignment can be simply demarcated between business strategies and IT strategies, which include strategic, tactical and operational levels. On the one hand, Kathuria, Joshi & Porth (2007) describe horizontal alignment as the synchronisation of business and IT alignment primarily across the same level, for example from CEO to CIO or from a front line manager to a departmental manager. They point out that horizontal alignment may have more bearing at the lower levels of the strategy hierarchy. In contrast, vertical alignment principally manifests itself across the different levels of the hierarchy. They argue the factors affecting alignment are not necessarily contained within a particular level but can spread their influence across an organisation. Furthermore, Van Grembergen (2004) states that vertical alignment is based on the effective dissemination of a strategy deep into an organisation. This strategy must be translated and tailored for each level. Horizontal alignment differs from vertical alignment in that functional integration mainly takes place at the same level between business and IT.

While alignment at the strategic level has been extensively studied (Chan & Reich, 2007), Gutierrez, Orozco, Mylonadis, & Serrano (2008) remark on the paucity of research at the tactical and operational and advocate more studies. They also recognise the limitations of the current approaches and instruments available to evaluate at this level, which have been generally designed for strategic viewpoints. Furthermore, as the implementation of a strategy is almost always accomplished through the tactical and operational levels of an organisation (Boar, 1994), alignment must be managed vertically as well as horizontally. Tarefadar & Qrunfleh (2009) subscribe to this view and maintain that for the deployment of a strategy to be effective and for the intended benefits to be realised, the vertical transmission of alignment is crucial. They further observe that relationships and efforts towards functional integration with lower management are to be delicate and antagonistic despite better relations existing at senior management level. Benbya & McKelvey (2006) emphasise the significance of resolving relationships across alignment levels. They portray alignment as a continuous co-evolutionary process that reconciles top-down ‘rational designs’ and bottom-up ‘emergent processes’.

2.2. Theoretical Frameworks of Business and IT Alignment

Over the last few decades, several models have been developed to conceptualise the alignment of business and IT strategy. The most cited one is the Strategic Alignment Model of Henderson & Venkatraman (1999) as shown in Appendix. This framework emphasises the importance of how IT is positioned in organisations. It argues to attain sustainable competitive advantage through leveraging IT strategically. Alignment is built on four interconnected domains. Two external domains represent business strategy and IT strategy, while two internal domains represent organisational infrastructure and processes and IT infrastructure and processes. Table 1 shows the components within each domain.

The external and internal domains must achieve strategic fit and functional integration. The multivariate cross-domain connections between the two domains are essential as neither functional integration nor strategic fit alone is adequate to achieve successful alignment. This model aims
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